

FINANCIAL TIMES

No.30,830

Friday April 28 1989

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World News

Arab League calls for ceasefire in Lebanon

The Arab League made progress towards ending the heavy artillery duels in Beirut when Syria welcomed a League call for a ceasefire. Page 24

Japanese budget

Japan's ruling Liberal Democratic Party ended 70 days of deadlock over the budget caused by the Recruit affair. Page 6

N-sub plan dropped

Canada is to scrap plans to purchase a \$6.7bn fleet of nuclear-propelled submarines. Page 24

Chemical war talks

Frustration over the lack of progress in negotiating a ban on chemical weapons was voiced in Geneva at a UN conference. Page 3

Kabul attack

Rebel rockets fell on Kabul despite an army barrage on mujahideen positions to prevent attacks on the anniversary of the Communist coup. Page 6

ANC sentencing

Three members of the African National Congress were sentenced to death in South Africa. Page 8

Tornado kills 400

A tornado swept through Bangladesh killing 400 people and injuring thousands. Page 6

Guinness withdrawal

Solicitors representing Ernest Saunders, the former Guinness chairman, have withdrawn from the case in which he faces charges over the Distillers takeover. Page 12

Namibian move

A senior UN official said 4,000 Swapo guerrillas had moved into Angola, indicating the Namibian independence process was on track. Page 8

Carter in Panama

Former US President Jimmy Carter is to head a team of observers monitoring elections in Panama. Page 10

US spending

Bipartisan attempts to hold down US federal spending are being threatened by splits on spending priorities in Congress. Page 10

Return to earth

The three-man crew of the Soviet Union's Mir space station returned safely to earth, leaving the orbiting station unmanned for the first time in two years.

Hussein names PM

King Hussein is to name former military chief Sharif Zaid Bin Shakir as caretaker prime minister after violent price protests brought down the previous government. Page 8

Soviet bungling

Banqueting and complacency by ministers have cost the Soviet economy millions of roubles, Mikhail Gorbachev said.

Chile hopes

Military president Augusto Pinochet made a dramatic about turn by reinstating his senior civilian minister in a move which raised hopes for political reform in Chile. Earlier report. Page 10

Business Summary

Oil output in North Sea threatened by plant closure

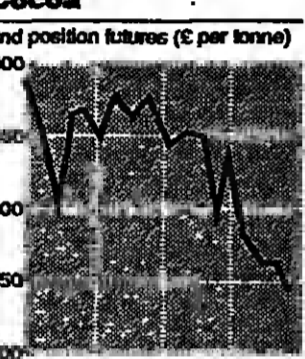
UK oil production, already cut by accidents in the North Sea, has been put into further jeopardy by the closure of the St Fergus gas processing plant on the eastern coast of Scotland. Page 24

BANK HAPOLIM, Israel's largest bank, is making a bad debt provision of \$490m to cover its exposure to Kibbutzim. Page 25

SIEMENS, the West German electrical and electronics company, booked a 18 per cent rise to \$17bn in first-half new business. Page 25

UK GOVERNMENT has rejected a request from GEC and Fokker, the Dutch aircraft company, to postpone submitting a joint bid to buy Short Brothers, the Belfast aerospace company. Page 14

COCOA prices continued Wednesday's decline, with July 2nd position futures (\$ per tonne) 900



falling as low as \$1,242 before closing at \$1,253 a tonne.

EUROPEAN Commission is to reconsider plans to liberalise data telecommunications services. Page 24

ASHLEY GROUP, which acquires Digsa, a Spanish food retailer, has withdrawn another Spanish food distribution group for a maximum of \$33m. Page 36

FORD Australia reported surging domestic economy has helped lift its 1988 profits, while Ford US recorded weaker performance. Page 29

PHILIPS of the Netherlands wants to give up control of Peico Electronics, its Indian affiliate. Page 29

UAL, Delta Air Lines and USAir, three leading US carriers, have reported better performance with strong growth in traffic. Page 26

T. BOONE Pickens, the Texas corporate raider, has been rebuffed again by Koito Manufacturing, the Japanese auto parts company. Page 29

SWEDISH Central Bank raised its discount rate from 8.5 per cent to 9.5 per cent.

INDIAN AIRLINES, the Indian carrier, expects to improve its profitability this year when its fleet will be increased by the 19 Airbus A300 aircraft. Page 29

EGYPT'S most controversial investment fund has authorised the government to withdraw the company's deposits from foreign banks. Page 8

OECD long-term export credits rose by 45 per cent last year. Page 11

INTEL, the US semiconductor manufacturer, announced cost-cutting measures and the elimination of up to 600 factory jobs. Page 26

NCNB, the North Carolina-based bank group, said it would probably submit a bid to take over MCorp, the recently failed Dallas bank holding company. Page 28

LOREAL, the US electronic warfare group, has accepted a sweetened bid of \$425m cash plus \$30m of debt for two of its units from a group led by Mr Bernard Schwartz, the company's chairman. Page 26

March turns anxious Peking students into heroes

WITH FEWER than 100 students wandering around Peking University at 7am yesterday eating breakfast from tin bowls, it looked as if China's planned campus rebellion was never going to get off the ground. Peter Ellingsen writes from Peking.

Students were still on strike in support of their democracy campaign, but with so few people out in the spring sunshine, it seemed that the party's heavy-handed warnings of the previous day had been effective. However, student leaders, who were meeting in dormitories, were never in doubt.

Only the bravest will march today, one explained, "But there will be a march". Rumours that police would block the university gates in an attempt to keep students away from the city centre swept the small groups huddled in the quadrangle, but no one was sure.

After nearly two weeks of spontaneous demonstrations, the students were optimistic without being brash or overconfident. By 8.30am, the tight-knit group in charge had appeared and were countering official propaganda by reading the paragraphs of the Chinese Constitution which theoretically guarantees freedom of speech, movement and assembly.

Young men still in their teens reminded the gathering crowd of their special heritage as Peking University students. On May 4 1919, Peking students protested against the distribution of Chinese territory to foreign powers under the Treaty of Versailles and set off a pro-democracy movement named after that date which is still revered in China. Continued on Page 24



West German Chancellor Helmut Kohl (right) in conversation with Foreign Minister Hans-Dietrich Genscher at the Bundestag yesterday.

Bonn bitterly rejects claims of failing Nato

By David Goodhart in Bonn

THE West German Government yesterday bitterly rejected claims that it was failing to respect its Nato responsibilities and denied that it was isolated in the Alliance in its call for early negotiations with the Warsaw Pact over short-range nuclear weapons.

"Because of the range of the short-range missiles, West Germany is more strongly affected than other members of the Alliance," Mr Helmut Kohl, the West German Chancellor, said in a major policy speech to the Bundestag.

"I therefore consider it natural that our friends show the same understanding for our interests as we have shown for their interests on many occasions." Mr Kohl was applauded by members of all political parties for that and similar comments which, officials confirmed, were aimed particularly at Britain which has been leading the attack on Germany's desire for a postponement of a decision on modernisation of short-range weapons and for

early negotiations on the weapons. He made clear his belief, however, that there was no foreseeable alternative to deterrence based on a suitable mix of nuclear and conventional weapons. "Under existing circumstances" some of those nuclear weapons had to be based in Europe. Mr Kohl spoke of the special opportunities created for West Germany by the Soviet reform programme, but added that as long as uncertainties surrounded that programme and as long as the Warsaw Pact possessed superior military arsenals, the West could not neglect its defence.

He also repeated the West-German demand for "early negotiations on short-range weapons aimed at establishing equal ceilings at lower levels" as defined by the Alliance at Reykjavik in 1987 and Brussels in 1988, and for negotiations on nuclear artillery. Mr Hans-Dietrich Genscher, Foreign Minister, also made an emotional speech on the possi-

bilities for a historic breakthrough in relations between the two halves of Europe which was warmly received by most Bundestag members. Mr Kohl's comments on security policy, only a small part of a wide-ranging 90-minute review of Government policy prompted by recent electoral set-backs, will add to the tension ahead of the meeting in Germany this weekend between Mr Kohl and Mrs Margaret Thatcher, Britain's Prime Minister. Officials have also been stressing that the German position on modernisation and negotiations enjoys varying degrees of support from Denmark, Norway, Belgium, Greece, Spain, Italy and Luxembourg, while France also sympathises with Germany's wish to delay any early decision on modernisation.

Programme for the little man

CHANCELLOR Helmut Kohl's 90-minute report to the Bundestag yesterday was part of a new beginning, writes David Goodhart.

He began in aggressively party political mood, warning of the new dangers of left and right, then went on to outline his hopes for welfare and wealth creation, in what was largely a speech for a domestic audience. The form of his address attracted the obvious response from opposition leader Mr Hans-Jochen Vogel: "If the record is so good, why did we need a major cabinet reshuffle two weeks ago followed by this statement?" But the address was designed essentially to raise the morale and sharpen the profile of his flagging centre-right coalition.

Solid but uninspiring, and thanks to Kohl's leaky news channels, it could offer no real surprises. Mr Kohl's speech had a word for everyone, from mothers to coalminers. And in a probable foretaste of an emotional election campaign at the end of 1990, Mr Kohl played the "Red-Green" chase card - citing opposition Continued on Page 24

Minorco unlikely to avoid ban

By Kenneth Gooding, Mining Correspondent in London

MINORCO'S chances of escaping the New York court injunction which prevents the South African-controlled investment group buying any more shares in its bid target, Consolidated Gold Fields, the UK diversified mining group, lessened yesterday.

Newmont Mining, the US gold producer which is 49 per cent owned by Gold Fields and a party to the US action, said that, whatever happened in the UK, it would continue to press on with the case. It would go back to the US court if Minorco attempted to circumvent the effects of the injunction in some way in the UK.

The US injunction is responsible for taking Britain's biggest takeover bid, worth \$2.5bn (\$5.9bn), into unexplored legal territory. Minorco currently owns or has acceptances for 54.92 per cent of the Gold Fields shares but the Gold Fields' board refuses to give in. Minorco was yesterday mulling over the unique legal and technical problems its bid has created. It is believed to have started to sound out the Take-over Panel about getting an extension to the 21 days by which it must clear away the remaining obstacles or allow the offer to lapse.

There were some indications that the Panel would be willing to comply with a request for more time, but only if Minorco provided a convincing reason and was able to offer a new fixed timetable. One option Minorco is considering is to call an extraordinary meeting of Gold Fields and persuade shareholders who have accepted the bid to give Minorco their proxies in some way to force the Gold Fields' board to remove the US injunction.

However, Newmont gave a warning last night that "such a vote at a Gold Fields meeting" certainly could not have the effect of depriving Newmont's public shareholders of the important protections afforded by the injunction. It added: "Any initiatives by Minorco that are contrary to the terms of and effect of the injunction will be promptly brought to the attention of the court for appropriate action." Gold Fields' share price rose by 37p in heavy trading yesterday to £13.20, while Minorco's fell by 26p to £8.28. At that level the offer is worth £14.89 for each Gold Fields share.

MARKETS

Table with market data including Taiwan Weighted Index, Interest Rates, and Stock Indices.

Table with market data including Sterling, Dollar, and Stock Indices.

Table with market data including West Berlin, Japan, and British.

Table with market data including India, Editorial comments, and Lombard.

Table with market data including Europe, America, Companies, and World Trade.

Advertisement for Strutt & Parker featuring a map of London and text: "Now we're really moving".

EUROPEAN NEWS

De Mita waves olive branch in Nato missile row

By John Wyles in Rome

ITALY'S Prime Minister, Mr Ciriaco De Mita, is expected to recommend his Government's position as a possible compromise to the Nato row over short-range nuclear weapons modernisation when he meets Mrs Margaret Thatcher in London today.

By a happy coincidence, he has the opportunity to outline Italy's broadly midway position to the two European poles of the argument within a few days of each other, since Chancellor Helmut Kohl of West Germany is due in Rome for talks on Tuesday.

The Italian view was developed some time before the recent flare-up between Britain and the US on one side and West Germany on the other over the wisdom of beginning negotiations with the East bloc on reducing short-range nuclear weapons in Europe.

US software makers step up attack on Italian 'copying'

By John Wyles in Rome

US SOFTWARE producers yesterday renewed their attack on illicit copying of computer programs in Italy, announcing prosecutions against the state-owned Enichem Agricoltura and a small Roman producer of petroleum products, Maxcom Petrol.

of legal action against Montedison, Montefibre and Electrocarbom, after court-ordered raids on their offices. The BSA claimed yesterday that similar checks had revealed that 50 per cent of the Ashton-Tate and Lotus software in use at Enichem Agricoltura had been copied, while Maxcom Petrol was using very little else but copied software.

SAFRA REPUBLIC HOLDINGS S.A. LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hôtel Royal, 12, Boulevard Royal, Luxembourg,

on May 10, 1989 at 11.00 a.m.

for the purpose of considering and voting on the following matters:

- 1. Chairman's Statement.
2. Statutory Auditors' Report.
3. Approval of the parent company only unconsolidated financial statements for the first financial period ended December 31, 1988.
4. Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the period ended December 31, 1988.
5. Approval of the proposed appropriation of US\$ 400,000 to the legal reserve, distribution of an initial dividend of US\$ 0.35 per common share for the two month period from the closing of the public offering to December 31, 1988 and the carrying forward of the balance of the profit.
6. Election of the Board of Directors and of the Statutory Auditors for a new one year term. All the Directors are eligible and stand for re-election. Election of Mr. Peter Cooke as a new member of the Board of Directors.
7. Approval of the remuneration of the Board of Directors and the Statutory Auditors.
8. Approval of the consolidated financial statements of the Company for the year ended December 31, 1988.

The Board of Directors

NOTES:

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting must produce a depositary receipt or present his share certificates to gain admission. A shareholder wishing to be represented at the meeting must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at 32, Boulevard Royal, Luxembourg, not later than May 8, 1989 at 5 p.m.

The remittance of the form of proxy will not preclude shareholders from attending in person and voting at the meeting if they so desire.

All the resolutions covered by the Agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one fifth of the issued share capital or more than two fifths of all shares represented at the meeting.

- Shareholders may obtain copies of the documentation listed hereunder:
1. This notice
2. The 1988 Annual Report including the Chairman's Statement, the Statutory Auditors' Report, the consolidated and parent company only unconsolidated financial statements
at the Company's registered office and from any of the banks at the following addresses:

- * Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich
* Union de Banques Suisses (Luxembourg) S.A., 36-38 Grand-Rue, 2011 Luxembourg
* Kreditbank S.A. Luxembourg, 43, Boulevard Royal, 2955 Luxembourg
* Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
* Republic National Bank of New York (Suisse) S.A., 2, place du Lac, 1204 Geneva
* Republic National Bank of New York (Suisse) S.A., Via Canova 1, 6900 Lugano
* Republic National Bank of New York (Luxembourg) S.A., 32, Boulevard Royal, 2449 Luxembourg
* Republic National Bank of New York (France) S.A., 20, place Vendôme, 75001 Paris
* Republic National Bank of New York (France) S.A., 24, rue Feydeau, 75002 Paris
* Republic National Bank of New York (France) S.A., 2, avenue Montaigne, 75008 Paris
* Republic National Bank of New York (France) S.A., Sporting d'Hiver, 2, avenue Princesse Alice, 98006 Mogte Carlo
* Republic National Bank of New York (Guernsey) Ltd, Sarnia House, Le Truchot, St. Peter Port, Guernsey, Channel Islands
* Republic National Bank of New York (Gibraltar) Ltd, Neptune House, Marina Bay, Gibraltar

* Paying Agent of Safra Republic Holdings S.A.

Delors puts brave face on withholding tax setback

By David Buchan in Brussels

MR JACQUES DELORS yesterday put a brave face on the setback caused by the Bonn Government's scrapping of its own withholding tax to European Commission plans for introduction of a similar tax on July 1.

The Commission president said he was reassured by Chancellor Helmut Kohl's promise to work together with his EC partners for a common EC savings tax, despite Bonn's abolition of its own withholding tax on July 1.

Most EC officials yesterday saw this as the only silver lining in the black cloud that Bonn has now cast over the fate of the Commission's proposal for a minimum 15 per cent withholding tax.

The aim of the EC plan is to minimise the risk of destabilising flows of tax-shy money into low-tax centres like Luxembourg, after July 1 1990 when most EC states are due to lift all exchange controls.

However, some EC officials believed that Bonn's abolition of the quellensteuer or withholding tax might reverse the flow of money which left West Germany for Luxembourg last year when the tax was introduced.

Thus, they reasoned, Luxembourg might have cause to review its position on the EC tax plan, which, like that of the UK, is one of headline opposition. EC tax plans require unanimous assent.

But a senior Luxembourg Finance Ministry official yesterday discounted this possibility, claiming that West Germans would continue to make use of the duchy's well-developed "private banking" services and that therefore any return flow of money to West Germany would be minimal.

Luxembourg was as encouraged by recent events in France as in West Germany in its quest to avoid a Community-wide withholding tax, the official said.

The French law on so-called Sica (Syndicats d'investissement à capital variable) investment funds had last week been clarified to allow profits to escape tax until investors

chose to withdraw their stakes. Frenchmen would therefore have less incentive to invest in Luxembourg Sica funds, and the Paris Government less of an outflow to fear after July next year, the official argued.

George Graham in Paris added France reacted with disappointment yesterday to West Germany's decision to withdraw its withholding tax.

The French Government has insisted that the liberalisation of capital movements within the EC must be linked to EC-wide harmonisation of capital taxation systems.

Mrs Edith Cresson, European Affairs Minister, said that France would continue to press for this linkage. "But I would

like to state a deeper concern: the single European market will not be created if every country allows its purely national interests to prevail," she said. "We have made the necessary efforts. Our partners, starting with one who has often been in the forefront of the battle for Europe, must also bear their share of the common task."

Given the long French tradition of holding illegal bank accounts in Switzerland, the French government is convinced its citizens will be quick to invest abroad, to escape heavy tax rates and, more importantly, the declaration which French banks must make to the tax authorities.

Judy Dempsey in Vienna writes: Austria will not follow West Germany in abolishing the withholding tax, despite the close alignment between the two countries' interest rates, Mr Helmut Klaus, president of the Austrian National Bank, said yesterday.

In a statement reflecting his determination to bring the country's banking and financial system more into line with European Community standards, Mr Klaus said "we will retain it. But we will keep an eye on how other EC countries will react."

The Socialist-led coalition Government introduced the controversial withholding tax as part of its major tax reform last January.

Chunnel show star makes breakthrough

By Andrew Taylor at Calais

THE STAR of the show appeared just after 1.20pm, right on cue, in front of about 500 press and television people - mostly from France, Britain and Japan - and about 1,000 friends and dignitaries.

Virginie, as she is affectionately known here, is a 400-tonne machine for boring tunnels which has spent the past nine months digging a three-kilometre stretch of the Channel Tunnel from Sangatte, on the French coast, to Coquelles, just outside Calais.

Passengers travelling through the tunnel from Britain to the Continent will appear on the surface there for the first time since they went below ground at Shakespeare Cliff, on the Kent coast. The 50-km journey is expected to last about 20 minutes.

Virginie's breakthrough yesterday represented an important landmark for the Anglo-French project. Either side of the steel cutting head, as it emerged from the chalk escarpment, were two 30-foot figures representing King Henry VIII of England and François I of France.

The head of Mitsubishi Heavy Engineering, who made one of several speeches yesterday, said his machine had achieved a world record - 895 metres in a month - for this type of tunnelling.

One of the first tunnel workers to appear from the machine's large hole was Mr Tony Bray, a 49-year-old Briton who has lived in Calais for the past 18 years. He said his son, William, was working with him in the tunnel.

Nearby was the site of the French Channel Tunnel rail terminal which, when complete, will be the size of Heathrow Airport and the largest single commercial development in Europe.

Cloth of Gold, so called because of each king's efforts to out-do the other. The service tunnel is the first of three tunnels to be dug. The other two, either side of the service tunnel, will carry railway tracks.

The Japanese were out in force at Coquelles yesterday. They have provided a large slice of the £3bn of bank borrowings and standby credits for the project. Japanese engineers also built the tunnelling machine which broke through yesterday.

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One of the sharpest contributions came from Mr Yuri Solovet, the Leningrad regional party leader and junior politburo member, who was the most senior man to be defeated in the election.

"It is our duty to reform has come to a standstill," he said. "One gets the impression we have not come to grips with it yet. We need to add to this the hasty, ill-considered and inconsequential nature of a number of legal acts that have been adopted, like the anti-alcohol campaign and the co-operative movement."

Mr Gorbachev himself, strengthened by the mass resignation of 110 one-time leaders from the era of Mr Leonid Brezhnev, came back at the critics with one of his most powerful speeches of recent months, openly admitting the dire straits of the Soviet economy, by insisting that the reform process must if anything accelerate.

"Some people are even beginning to panic and very nearly perceive a threat to socialism," he declared. "I do not agree with the extreme judgement that the party is nearly losing its position in the country, or that it has turned into a discussion club."

He admitted that the party leadership had failed to diagnose the chronic ills of the Soviet economy soon enough. The flood of criticism from ordinary workers at the lack of food, consumer goods and decent housing was entirely justified.

Party chiefs hit out at Gorbachev

By Quentin Peel in Moscow

MR MIKHAIL GORBACHEV faced a barrage of criticism from powerful Communist party bosses at this week's key central committee meeting, blaming half-baked law-making and the failure of economic reforms for the popular backlash against the party in last month's elections.

However, he rounded on the doubters, denouncing mismanagement throughout the economy, and the failure of party organisations to adapt to the demands of popular democracy.

He urged party committees to make changes in their leadership "wherever our common cause suffers without them," and he rejected any suggestion of a new pace in economic and political reform.

Full details of the soul-searching debate at the party's ruling body began to be published yesterday in the Soviet press, showing that speaker after speaker blamed the deteriorating economy, food shortages, lack of consumer goods, and housing conditions for the backlash at the polls, which saw a string of regional party bosses voted down by electors.

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EC urged to defend electronics industry from foreign rivals

By Terry Dodsworth

THE European Community must adopt a coherent policy to defend and develop its electronics industry in the face of overseas competitors, Mr Jean Caillot, chairman of the French Electronics Industry Association, said yesterday.

Speaking at the Financial Times World Electronics Conference in London, Mr Caillot, who is also president of Thomson International, called for a long-term strategy to secure Europe's political, economic, cultural and social freedoms.

This should include new ground rules on pricing, anti-dumping and product origins, along with protection against screwdriver plants assembling imported components.

In addition, it should involve development of a European standards policy and financial support for research and industrial restructuring.

"Lastly, the policy must ensure that it is no easier for non-EC competitors to cross European boundaries than it is for European companies to break into the competitors' home markets."

Stressing that electronics was one of the key strategic industries of the future, Mr Caillot said the EC should prevent its members following policies which risked de-industrialisation by encouraging industries from outside to set up in the region.

Mr Caillot's speech set the tone for a day largely dominated by issues of industrial policy, trade and the strengthening of Europe's position in world electronics.

Mr Pasquale Pastorio, president of SGS-Thomson, the Italian-French semiconductor group, said he supported free trade but that this could only result from fair trade and reciprocity.

Citing figures showing that European chip companies had only a 37 per cent market share in the region, against an 89 per cent share by Japanese companies in their own market, he said "trade is fair only when it is balanced."

Europe had suffered, Mr Pastorio continued, because that up to now it had not acted as a single country. Moves towards an integrated market in 1992 would help, but European chip companies could not wait that long to step up the level of collaboration in certain areas such as semiconductor technology.

"Unless we keep up in the technology race we in Europe could well find ourselves out in the industrial cold," controlled access to microelectronics is fundamental to the very survival of Europe as an industrialised society.

A similar point about the need for co-operation and rationalisation was made by Mr Hans Giesel, a director of AEG of West Germany. He argued that the rapidly increasing cost of research and development in electronics was making it impossible for nationally-based European



THE potential gains from the single European market could not materialise unless economic and monetary policy were placed on a common and binding footing.

Mr Frans Andriessen, the EC External Affairs Commissioner, said yesterday, writes Peter Montagnon, World Trade Editor. "European integration cannot and will not be limited to the single market," he told the conference. Economic and monetary integration was an essential part of the ultimate objective of European Union to which all member states subscribed in the Single European Act.

"It is not in the interest of any member state, or any particular economic sector, to seek exceptions."

The importance of Esprit was stressed by Mr Emmanuelle de Robien, director of long-term strategy at Machines Bull, the French computer group. The joint European programme had served as a catalyst for many co-operative projects in a period in which European computer manufacturers had staged something of a comeback.

Mr Robien said from 1983 European computer companies had increased their share of the market from a third to a half, partly because of increasing awareness of the stakes involved in the worldwide competition in information technology.

European producers had reorganised themselves, put more money into research and development, and developed aggressive acquisition policies.

Advertisement for Gray Dawes Business Travel. Features a map of London, a car, and a key. Text: 'The easiest way to leave the City is via St. Mary Axe. Business travel can be rather trying these days. Unless you can find that rare commodity - the personal touch. With Gray Dawes, you're assured of that and more. Because Gray Dawes is the City travel specialist. Our travel consultants are trained to provide quicker answers, better routes, better hotels, more miles for your money. They're experts at purchasing cost effective travel, and at devising highly professional, tailor-made solutions for large and small clients. With 50 years' experience, Gray Dawes understand how City business travellers like you know there isn't a squarer deal in the Square Mile. Telephone Melody Goodman or call in at 76 St. Mary Axe for your Gray Dawes Business Travel presentation. 01 623 2450. For The City, In The City. Gray Dawes Business Travel, 76 St. Mary Axe, London EC3A 8AR.'

Handwritten signature 'John Wyles' at the bottom center of the page.

EUROPEAN NEWS

French employers outline 1992 demands

By Ian Davidson in Paris. The French employers' organisation, the Patronat, has thrown itself into the campaign for the election to the European Parliament...

West irked by pace of chemicals talks

By William DuBois in Geneva. Frustration over the lack of progress in negotiating an international ban on chemical weapons was widely voiced by Western delegates yesterday...

EC steps up battle over HDTV

By William Dawkins in Luxembourg. The European Community yesterday stepped up the battle against Japanese competition to win world acceptance for its own standards for high definition television (HDTV) in the 1990s.

W Berlin signals red-green to Bonn

Leslie Colitt speaks to the city's pioneering new Governing Mayor

MR WALTER MOMPER, the Governing Mayor of West Berlin, appears to be relishing the extraordinary attention his five-week-old coalition of Social Democrats (SPD) and Greens is attracting among West Germans...

"We are critical of US policy in Nicaragua and Washington's insistence on modernising short range nuclear weapons," she declared. The unflappable Mr Momper replied that he could only advise his fellow Germans that "Bush is not Reagan."

Mr Momper was given an unusually favourable press by East Germany which has been avidly wooing the SPD for years, and he is to visit President Erich Honecker in East Berlin.

Brittan warns on airline liberalisation

By David Buchan in Brussels. EUROPE may be liberalising air transport as the US has already done, but the European Commission will not turn the same blind eye towards airlines mergers as the US authorities have shown.

One step forward, and one back for IRI chief

By Alan Friedman in Milan. PROFESSOR Romano Prodi, chairman of the giant IRI state holding group, has won a victory and suffered a setback in his campaign to instal entrepreneurial managers in Italian state industry.

JONES LANG WOOTTON. AND PARTNERS. What are these young people doing in a Jones Lang Wootton advertisement? Think of them as the girls next door (even though next door may well be twelve thousand miles away)...

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EUROPEAN NEWS

Listening to the voice of Hungary

Leslie Colitt, in Budapest, looks at the nation's vibrant media

HUNGARY'S lively and outspoken press, radio and television are providing daily political revelations to appreciative Hungarians and shocks to the conservative leaderships of Eastern Europe.

Orthodox Czechoslovakia reacted angrily to Hungarian TV's interview on April 17 with Mr Alexander Dubcek, the deposed Czechoslovak reformist leader - the first in the official Eastern European media since his ousting in 1969. It caused a sensation among viewers in adjoining Slovakia.

The Czechoslovak Foreign Ministry promptly accused the Hungarians of interfering in Czechoslovakia's internal affairs and warned against further "such incidents."

Undaunted, however, Magyar TV, responded this week by airing the second part of its interview with Mr Dubcek.

East Germany too has been taken to task in the Hungarian press which recently labelled the Berlin Wall an "anachronism."

The Hungarian media, however, reserve their special disdain for the Romanian ruler, Mr Nicolae Ceausescu. Magyar TV, which has given wide coverage to Mr Ceausescu's vilage-razing programme and to the many ethnic Hungarians from Romania who applied for asylum in Hungary, has been permanently banned from entering Romania.

Protests may rain down on the Hungarian authorities from Prague, East Berlin and Bucharest, but the standard reply in Budapest is that the Hungarian media enjoy freedom of expression.

Remarkably, most of this freedom has existed for only the past eight months. A liberal new press law being drafted by the Justice Ministry will give individuals the right to establish a newspaper or magazine. The sole requirement will be registration with the authorities but not their permission.

Although official censorship no longer exists, "central influence" on the press, which is sponsored by the Hungarian Communist Party and the Government, is still felt - according to Ms Györgyi Kocsis, the domestic economy editor of Heti Világáldás (Weekly World Economy-HVG).

Owners of newspapers, however, sometimes also try to act as censors she said. HVG, a



Newly-emerging political parties grasp on to strands from the main rope of Hungary's Communist Party - The Big Grab - as seen by the country's Weekly World Economy (HVG) magazine

prestigious economic and political magazine, models itself on The Economist and until recently was the most outspoken Hungarian publication.

It began publication 10 years ago with a circulation of 12,000 and now sells 163,000 copies. This month it was turned into a joint stock company, the first in which employees have a 10 per cent stake.

Magyar Nemzet, the daily newspaper of the Patriotic People's Front which is spearheading political reforms, is also highly critical of the establishment and even Nepezsabadsag, the Party newspaper is growing increasingly brazen.

The Hungarian newsagency MTI which lagged behind in openness, recently launched a special service for opposition political groups who were miffed by the agency's refusal to carry more than abbreviated versions of their statements.

For a fee, MTI will circulate the opposition's statements verbatim to the Hungarian media. One of the best-selling of the more than 100 new publications established in the last year - eight times as many as in 1987 - is the weekly newspaper Reform.

It contains a healthy dose of Magyar nationalism and is awash in the red, white and green national colours.

Hungarian intellectuals disparagingly compare it with Austria's sensational Kronen Zeitung, but the public-at-large enjoys the racy format.

Reform started up last September with a circulation of 100,000 and is now up to 300,000. Mr Peter Töke, editor-in-chief, said he could sell 400,000 copies if he good get the newsprint. In its first four months it earned its owners Forints 7m.

Mr Töke stressed that Reform is as far removed from the Party as from any of the new political groups although the Party has 15 per cent of the shares in the joint stock company which owns the newspaper.

Three banks have 50 per cent and the remainder is held by Hungarian TV, the Chamber of Commerce and a foundation. Mr Töke said that although "we honour our publisher as in the West" Reform sometimes was critical of the Party.

Recently, for example, it carried an article condemning the way the

Party used its funds. "Self-censorship is changing and is becoming more and more flexible" he remarked, noting that only a half a year ago the newspaper would not have been able to publish the views of the opposition which it regularly does now.

Hungarian Radio, long in the forefront of freedom of information, recently presented a biting cabaret spoof in which the subject was the 1956 Hungarian Uprising.

The Central Committee recently deemed it to have been a genuine popular uprising at the start which only later became a counter-revolution.

It broadcast a mock version of a Central Committee statement which sarcastically alluded to the role of Mr Janos Kadar, the former Hungarian leader who supported the crushing of the uprising with Soviet tanks.

The statement noted that the "Cabaret Committee" studied with great interest a statement which said: "With regard to 1956, an evaluation seems to be still premature as many people who participated in the events, then are still alive."

The Cabaret Committee expresses its sincere joy over the fact that many who participated in the events at the time are still alive.

At the same time it expresses its sincere regret that very many of the participants of the then events are long dead.

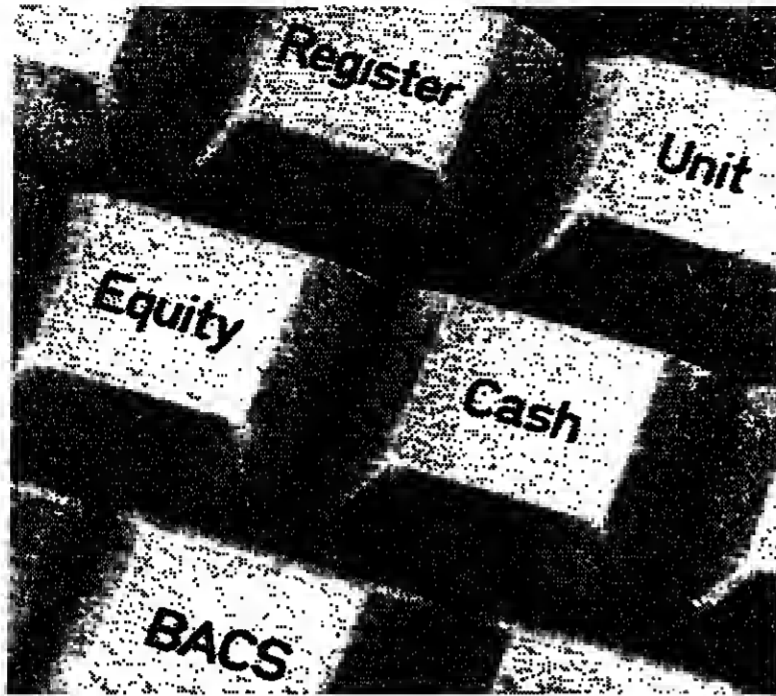
Hungarian Radio was also the first to interview Mr Lech Walesa, the Solidarity leader, as well as Mr Adam Michnik, the Polish opposition ideologist.

On balance the highly literate Hungarian press as well as TV and radio manage to provide a breadth and quality of domestic and foreign news coverage which would be difficult to duplicate in many Western countries.

The press is also proving to be tempting to investors. The liberal view taken by the Hungarian leadership toward the domestic media extends to the foreign media as well.

Radio Free Europe which broadcasts into Hungary and other East European countries from Munich and has been the East's favourite Western demon for decades, was allowed to send a permanent correspondent last month to Budapest.

PEP TALK



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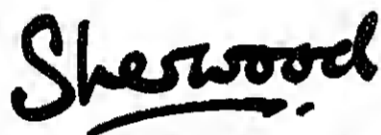
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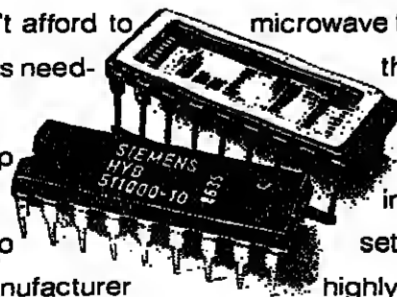


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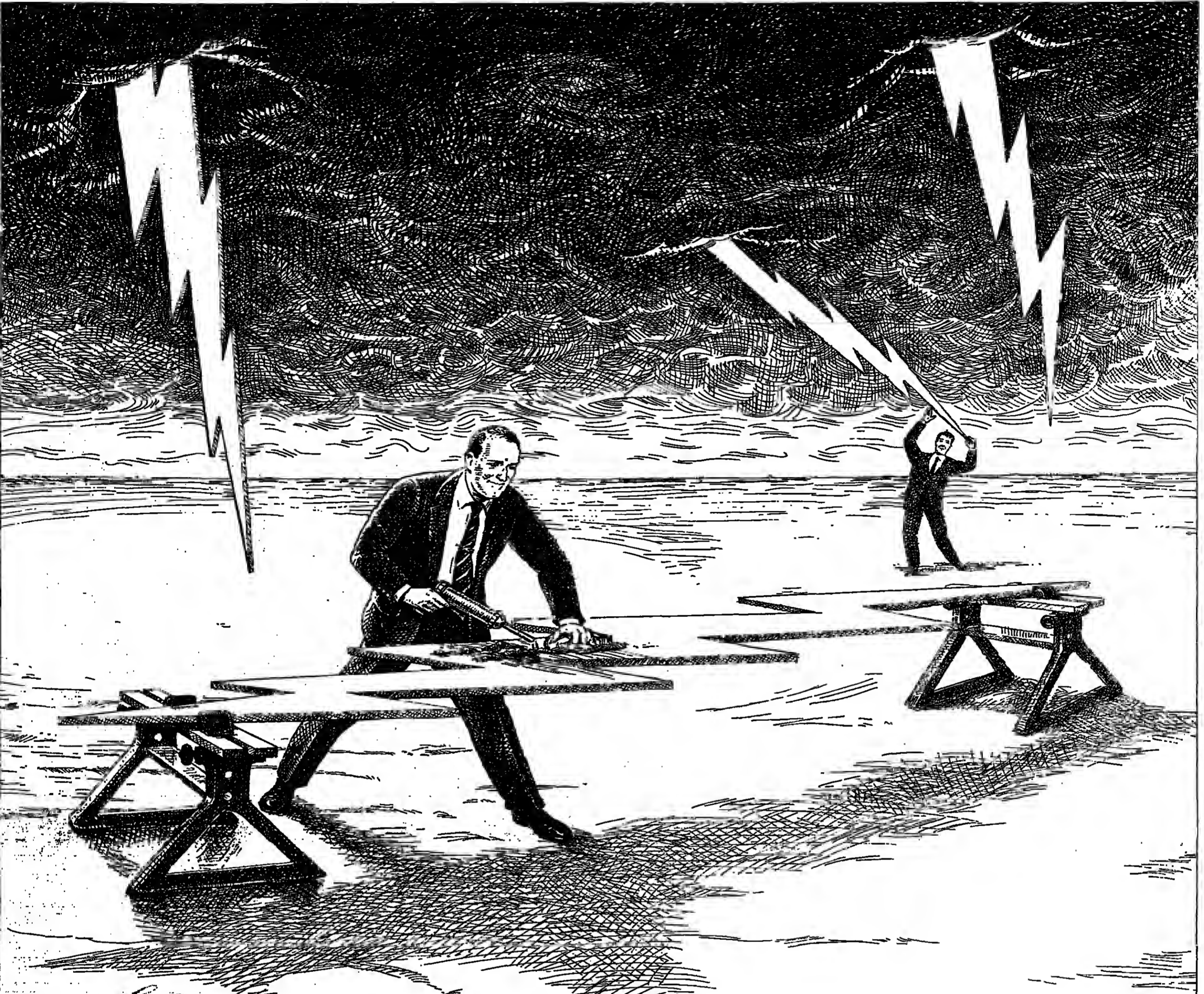
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OVERSEAS NEWS

United Cable Television Corporation

5 3/4% Convertible Subordinated Debentures
Due July 9, 2001

CONVERSION RATE: \$26.00 in principal amount per share of United Cable Common Stock, as adjusted for a 3-2 stock split in August 1987

Notice of Merger

Notice is hereby given that the proposed mergers contemplated by the Second Amended and Restated Agreement and Plan of Reorganization and Merger (the "Merger Agreement") dated March 8, 1988, among United Cable Television Corporation ("United Cable"), United Artists Communications, Inc. ("United Artists") and Tele-Communications, Inc. ("TCI"), are expected to become effective on approximately May 25, 1989 (the "Effective Time"). As soon as practicable after the Effective Time, holders of shares of United Cable Common Stock will be entitled to receive the consideration described below.

The Merger Agreement provides that United Cable and United Artists will each be merged with separate wholly owned subsidiaries of United Artists Entertainment Company ("UAE"), a newly formed Delaware corporation. Consummation of the mergers is subject to approval by the stockholders of United Cable and United Artists, regulatory approvals and other customary conditions.

In the proposed merger of United Cable with a subsidiary of UAE (the "United Cable Merger"), each outstanding share of United Cable Common Stock (except those beneficially owned by TCI or United Artists or by persons who perfect their appraisal rights under Delaware law) will be converted, at the holder's election but subject to proration, into the right to receive either (a) \$38.50 in cash (the "Cash Consideration") or (b) a unit (a "Rights Unit" or the "Rights Unit Consideration") consisting of (i) one share of UAE Class A Common Stock and one share of UAE Class B Common Stock (collectively, the "UAE Common Stock") and (ii) two separately tradable rights. The UAE Class A Common Stock and the UAE Class B Common Stock are identical, except that the UAE Class B Common Stock is entitled to 10 votes per share and the UAE Class A Common Stock is convertible into one share of UAE Class A Common Stock at the option of the holder. Each right will entitle the holder to require TCI to purchase from such holder one share of either class of UAE Common Stock in January 1992 or January 1995 (subject to acceleration in certain events) for 90% of UAE's then fair market value per share, which will be determined by independent appraisal on a going concern or liquidation basis, whichever is greater. The purchase price is to be paid, at TCI's election, in cash, in shares of TCI Class A Common Stock having an equivalent value, or in a combination of the foregoing. Under certain circumstances, holders of the rights may require TCI to purchase, on a similar basis, securities of other entities distributed by UAE to holders of UAE Common Stock.

Elections will be prorated so that no more than approximately 13,822,000 shares of United Cable Common Stock will be converted into Rights Units and no more than approximately 13,289,000 shares of United Cable Common Stock will be converted into the Cash Consideration. If elections for Rights Units are prorated, stockholders who elect to receive Rights Units may further elect to receive, for those shares that are not converted into Rights Units and in lieu of having such shares converted into Cash Consideration, subject to proration, a second unit (a "Preferred Stock Unit") consisting of (i) one share of UAE 12 1/2% Cumulative Compounding Redeemable Preferred Stock, Series A and (ii) 1.1 shares of UAE Class A Common Stock.

Pursuant to the Merger Agreement and Section 1205 of the Indenture (the "Indenture") relating to United Cable's 5 3/4% Subordinated Debentures due July 9, 2001 (the "Debentures"), holders of Debentures converted after the Effective Time will receive the following:

- (a) If the Rights Units Consideration is prorated, holders of Debentures converted after the Effective Time will receive \$38.50 in cash for each share of United Cable Common Stock they would have received upon conversion had the United Cable Merger not occurred.
- (b) If the Cash Consideration is prorated, holders of Debentures who convert after the Effective Time will receive a Rights Unit for each share of United Cable Common Stock they would have received upon conversion had the United Cable Merger not occurred.
- (c) If neither the Rights Unit Consideration nor the Cash Consideration is prorated, holders of Debentures converted after the Effective Time will receive the type of consideration into which a majority of shares of United Cable Common Stock for which no election is specified were converted in the United Cable Merger.

United Cable will publish a notice, after the Effective Time, of the type of consideration (as described above) to be paid to holders converting Debentures after the Effective Time.

United Cable has mailed to its stockholders a Proxy Statement/Prospectus (the "Proxy Statement") in connection with a special meeting of such stockholders to be held on May 25, 1989, where the stockholders will vote, among other things, on a proposal to adopt the Merger Agreement. The foregoing summary does not purport to be complete, and is qualified in its entirety by reference to the Proxy Statement, including the Merger Agreement, which is included as an appendix to the Proxy Statement. Proxy Statements may be obtained from United Cable Television Corporation, 2930 East Third Avenue, Denver, Colorado 80206, Attention: Gary S. Howard, telephone (303) 321-4242.

PLEASE NOTE THAT ONLY HOLDERS OF UNITED CABLE COMMON STOCK WILL BE ENTITLED TO ELECT AMONG THE TYPES OF CONSIDERATION DESCRIBED ABOVE IN CONNECTION WITH THE UNITED CABLE MERGER. PURSUANT TO THE INDENTURE AND THE MERGER AGREEMENT, HOLDERS OF DEBENTURES CONVERTED AFTER THE EFFECTIVE TIME WILL NOT BE ENTITLED TO MAKE SUCH AN ELECTION AND WILL RECEIVE, UPON CONVERSION, THE TYPE OF CONSIDERATION DETERMINED AS DESCRIBED ABOVE. ACCORDINGLY, IF YOU DESIRE TO ELECT AMONG THE TYPES OF CONSIDERATION DESCRIBED ABOVE, YOU MUST CONVERT YOUR DEBENTURES INTO COMMON STOCK AND FOLLOW THE ELECTION PROCEDURES SPECIFIED IN THE PROXY STATEMENT. NO SUCH ELECTION WILL BE EFFECTIVE UNLESS A PROPERLY COMPLETED AND SIGNED FORM OF ELECTION AND LETTER OF TRANSMITTAL, AS WELL AS THE CERTIFICATES OF UNITED CABLE COMMON STOCK TO WHICH SUCH LETTER OF TRANSMITTAL RELATES (OR AN APPROPRIATE GUARANTY OF DELIVERY), ARE RECEIVED BY THE EXCHANGE AGENT FOR THE MERGER NO LATER THAN 5:00 P.M., CHICAGO TIME, ON MAY 18, 1989.

SIMILARLY, ONLY HOLDERS OF UNITED CABLE COMMON STOCK WILL BE ENTITLED TO EXERCISE DISSENTERS' RIGHTS OF APPRAISAL WITH RESPECT TO THE UNITED CABLE MERGER. ACCORDINGLY, IF YOU WISH TO EXERCISE DISSENTERS' RIGHTS OF APPRAISAL WITH RESPECT TO THE UNITED CABLE COMMON STOCK INTO WHICH YOUR DEBENTURES ARE CONVERTIBLE, YOU MUST CONVERT YOUR DEBENTURES AND CAREFULLY FOLLOW THE PROCEDURES SPECIFIED IN SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW, WHICH IS SUMMARIZED IN, AND THE TEXT OF WHICH IS INCLUDED AS AN APPENDIX TO, THE PROXY STATEMENT. AMONG OTHER THINGS, SECTION 262 REQUIRES THAT A STOCKHOLDER DESIRING TO PERFECT DISSENTERS' RIGHTS OF APPRAISAL DELIVER TO UNITED CABLE, BEFORE THE SPECIAL MEETING, A WRITTEN DEMAND FOR APPRAISAL OF HIS SHARES.

This notice is given pursuant to Section 1206 of the Indenture dated as of July 9, 1986, under which the Debentures were issued.

Dated: April 28, 1989

Bangladesh tornado kills at least 400

LDP moves to push through budget

By Stefan Wagstyl in Tokyo

A STRONG tornado swept through central Bangladesh killing at least 400 people, injuring thousands and stranding areas with bodies and animal carcasses, according to officials and witnesses. Reuters reports from Bangladesh.

Hundreds of people were missing after the Wednesday night storm flattened houses and crops in a 160 sq km area north of Dhaka. Villagers were reduced to wreckage on both sides of a highway between Manikganj and Shaturia. In some places not a single building remained. "It looks like a war-ravaged area," a local official said.

Twisted corrugated iron roofs hung from trees, loaded trucks were blown more than 500 metres, electricity pylons and trees lay twisted on the ground.

In Shaturia village, human bodies and animal carcasses lay side by side.

As soldiers, police and villagers searched for victims, authorities appealed for more help to find the missing.

"More volunteers are needed to search 30 villages battered by nearly 160 km per hour winds," said an official at Manikganj, one of the worst-hit areas, 65 km north of Dhaka.

"More than 200 bodies have been recovered from Shaturia sub-district near Manikganj alone," said area administrator Faruq Ahmed Khan.

He said at least another 200 people were killed in the sub-districts of Daulatpur, Manikganj Sadar and Dhanrai.

He and other officials said the death toll could rise as high as 1,000 when the debris had been cleared.

More than 400 people, most with severed limbs, were being treated in Manikganj Hospital alone, doctors said. Hundreds more were sent to Dhaka or nearby clinics.

"It lasted just four or five minutes and left a trail of destruction," one villager said.

Villagers said more than 30 people were crushed to death while squatting in a warehouse waiting for free rice being distributed to those who had lost their crops because of a drought.

The tornado did bring rain, but weather officials said it was not enough to ease the drought that has gripped parts of Bangladesh since last month.

President Hossain Mohammad Ershad visited the worst-hit areas on Thursday and handed out money and relief supplies to the victims.

The tornado was the latest in a series of calamities to hit this South Asian country, which has an annual per capita income of \$150.

Floods and cyclones described as the worst in 40 years in the region were reported to have killed at least 6,000 people in the second half of last year.

JAPAN'S ruling Liberal Democratic Party yesterday ended 70 days of political deadlock over the 1989-90 budget caused by the Recruit affair and railroaded the bill through a crucial parliamentary committee.

The move shows the party's determination to maintain its authority despite the strains of the scandal which led earlier this week to the decision by Mr Noboru Takeshita, the Prime Minister, to resign soon.

Today, the party intends to push the budget bill through a full session of the Diet's lower house, paving the way for it to go through the upper house in the next two weeks and become law.

Opposition party members

boycotted yesterday's session in protest that the ruling party had ignored their demands that Mr Yasuhiro Nakasone, the former prime minister, should first give evidence about his role in the Recruit scandal.

In going it alone, the LDP has broken with a long-established tradition that legislation is passed by consensus, especially budget bills. Budgets have been railroaded through the committee stage only twice since the war.

Mr Takeshita wanted to have the budget well on its way to becoming law before he leaves tomorrow for a tour of south-east Asia.

However, the party's efforts to dispel the air of uncertainty

surrounding the Government were undermined by the announcement that a planned visit at the end of May by the South Korean President Roh Tae Woo had been cancelled by Korea.

Moreover, party leaders are still having difficulties persuading Mr Masayoshi Ito, the preferred choice as Mr Takeshita's successor, to step into the prime minister's shoes.

Mr Ito told a press conference yesterday that he had turned down the offer because he was sick. He is 75 and a diabetic.

Nevertheless, it is widely believed in Tokyo that Mr Ito will be prevailed upon to accept the post, probably after the end of a series of public

holidays next week. The main alternative to Mr Ito is Mr Masaharu Gotoda, 74, a former political ally of Mr Kakuei Tanaka, the ex-prime minister who was involved in the Lockheed bribery scandal in the 1970s. He was once director general of the National Police Agency and chief cabinet secretary, but his main work in recent years has been as a king-maker in the party's inner circles.

Meanwhile, an advisory panel of academics set up by Mr Takeshita in January has produced a report urging political reforms, including requirements for ministers to disclose personal and family assets and refrain from stock market dealings while in office.

In Tokyo, there is no alternative

Stefan Wagstyl explains the lack of credible opposition to the LDP

THE weakness of Japan's opposition parties has rarely been so completely exposed as in the Recruit scandal.

In almost any other democratic country where support for the prime minister had dropped to 3.9 per cent, opposition parties would expect to be on the verge of forming the next government. Their leaders would be preparing seriously for a general election.

Japan's opposition is going through the motions. Opposition party leaders have indeed called for an immediate general election - but nobody, themselves included, believes there is the remotest chance of one being held. Four opposition parties have formed a united front to fight the ruling Liberal Democratic Party over the Recruit affair. But it took them six months to do it.

For most of Japan's post-war history the ineffectiveness of the opposition has hardly mattered. The LDP was able to satisfy most Japanese most of the time for more than 30 years by presiding over the country's great economic advance. But it matters now because the Recruit affair has shown how a monopoly of power by one party leads to corruption.

Opinion polls show ordinary Japanese want political reform, especially some breaks in the channels funneling money from wealthy interest groups into politics. However, the plu-

ral state of the opposition means that people have little choice but to trust the LDP to reform itself.

It was not always so. In the 1950s, many analysts thought politics might develop on British lines, with the LDP on the right and the Japan Socialist Party on the left.

The JSP then commanded about one third of the vote.

Japan's Lower House		
	Before 1986 election	Now
LDP	257	309
Socialists	110	87
Komeito	59	57
Democratic Socialists	37	28
Communists	27	27
Others	10	4
Total	500	512

But the party was perpetually torn by internal feuds over personalities and ideology. Its members argued passionately with one another about issues which were of less and less concern to the increasingly affluent average Japanese.

It has demanded an end to the Japan-US Security Treaty and the disbanding of the armed forces. It refuses to recognise South Korea, supporting instead the communist North. But on issues of central importance to the voter - high prices, import barriers, hous-

ing and education - its policies have rarely been clearly spelled out.

The LDP also has its internal arguments, in which the different factions are ranged against one another. But they are at least united in the pursuit of power. The JSP has been pushed further and further to the left, to the political wasteland occupied by the well-organised and well-funded Japan Communist Party.

As power becomes an increasingly remote possibility, the JSP splintered, losing members to the newly formed Democratic Socialist Party, which tried to reclaim some of the lost middle ground. There, it fights for territory with Komeito, the "clean government" party formed in the 1960s with the backing of Sokei Gakkai, a big Buddhist movement.

In the same way as the LDP has become institutionalised as the party of government, the JSP has become institutionalised as the party of perpetual opposition.

There is an element of ritual in the often bombastic denunciations of the government by the JSP and other opposition parties. The ritual also dictates that passions are dissipated in public debate; behind closed doors, the LDP often tries to accommodate opposition views on legislation. These efforts have built up a tradition that important legislation is passed

by consensus, a tradition dear to the Japanese heart.

The symbiosis between government and opposition is so complete that some companies hold joint fund-raising parties for the LDP and JSP combined.

However, Recruit could strain this attitude of live and let live to breaking point. If public anger with political leaders does not turn to boredom over the summer, then the opposition parties, especially the Socialists, will have a real political job on their hands for the first time in many years.

The electorate so far does not believe the JSP will be up to the task. Opinion polls since the beginning of the year have shown a big swing away from the LDP, with its popular support recently falling from its normal 50 per cent-plus to 14 per cent. But the main beneficiary has been the Communist Party, which holds only 27 out of 512 seats in the lower house of the Diet (Parliament), against the Socialists' 87. However, analysts say that the votes for the Communist Party are votes cast in anger; few people want to see a communist government.

So for the moment dissatisfied voters have turned to support for other parties. It may never do, given that the LDP has delivered peace and prosperity for more than 30 years.

Rocket fire greets Kabul regime anniversary

MOSLEM rebels greeted the anniversary of Afghanistan's Marxist revolution yesterday by firing volleys of rockets on Kabul, killing at least nine people, including three soldiers guarding a barracks, Reuters reports from Kabul.

Eight people were wounded by the rocket fire from nearby mountains, which showered all parts of the sprawling city of mud-brick houses and open sewers.

The rockets began landing on the city of 2.5m people

before daybreak in some of the fiercest rebel rocket attacks yet on either military or civilian targets.

There was no exact figure for the total number of casualties but officials said many of the missiles hit unpopulated areas around the capital.

The three soldiers were killed and one wounded when a rocket narrowly missed the barracks near a parade ground reserved for national occasions.

There was a splash of fresh

blood at the scene and shrapnel pockmarked the walls of the building in central Kabul.

The rocket landed near a stand from where President Najibullah on Wednesday watched the army salute the 1978 revolution, a day before its anniversary in a parade that excluded the public and highlighted fears of a mujahideen attack on the capital.

The other dead were two members of one family and four workers at a government building.

Another rocket wounded five civilians when it slammed into a neighbourhood near the historic fort of Sala Hisar, which houses the president's special guard.

Just before dawn, government troops began firing the first of at least seven long-range Scud-B missiles at mujahideen positions in a provincial area.

Rebels have killed at least 24 people and injured 29 in the past week in an apparent bid to disrupt the celebrations.

Philippine rebels begin to take aim at US targets

THE killing of a US colonel last week by communist guerrillas in Manila signals a significant shift in the Philippines' long-running guerrilla war, which has clawed at the stability of the government and undermined international confidence for two decades.

As Washington and Manila approach talks later this year on the future of big US military bases in the Philippines after 1991, the Communist Party has showed it is willing and able to attack Americans and American installations whether or not they are involved in counter-insurgency, simply because they symbolise Washington's support for President Corason Aquino.

Colonel Nick Rowe, who died immediately in what the army says was a well executed ambush, was a decorated Vietnam veteran in charge of weapons procurement for the Philippine army at the Joint US Military Assistance Group.

Earlier this month, in the words of Jose Maria Sison, the self-exiled founder of the outlawed Communist Party, "guilty of aggression" against the New People's Army rebels.

US servicemen stationed at Clark Air Base, 40 miles north of Manila, on the other hand, are generally believed not to play even an indirect anti-insurgency role.

On April 8, however, patrolling soldiers interrupted insurgents as they laid a big land mine on the road to a firing range used by US servicemen from Clark base.

ins and blowing up a communications antenna and pylons.

The Communist Party has been threatening to target Americans and US installations since last year if they continued to support the

Insurgents are stepping up their pressure against American bases, writes Richard Gourlay

Aquino government's counter-insurgency efforts. Mr Satur Ocampo repeated the threat early this year after offering to talk peace with Mrs Aquino if she refused to extend the lease on the bases after it runs out in 1991.

Mrs Aquino announced on Tuesday that talks with Washington on the future of the bases would begin this year but she still refuses to come off the fence and announce publicly whether she backs a continued US presence.

Ironically, rebel attacks on Americans and US facilities may play into the hands of those Philippine officials who want the bases to stay after 1991, as asking Washington to leave could be argued as giving in to the communists, some observers say.

Neil Kinnock believes she's divided and indebted the people.

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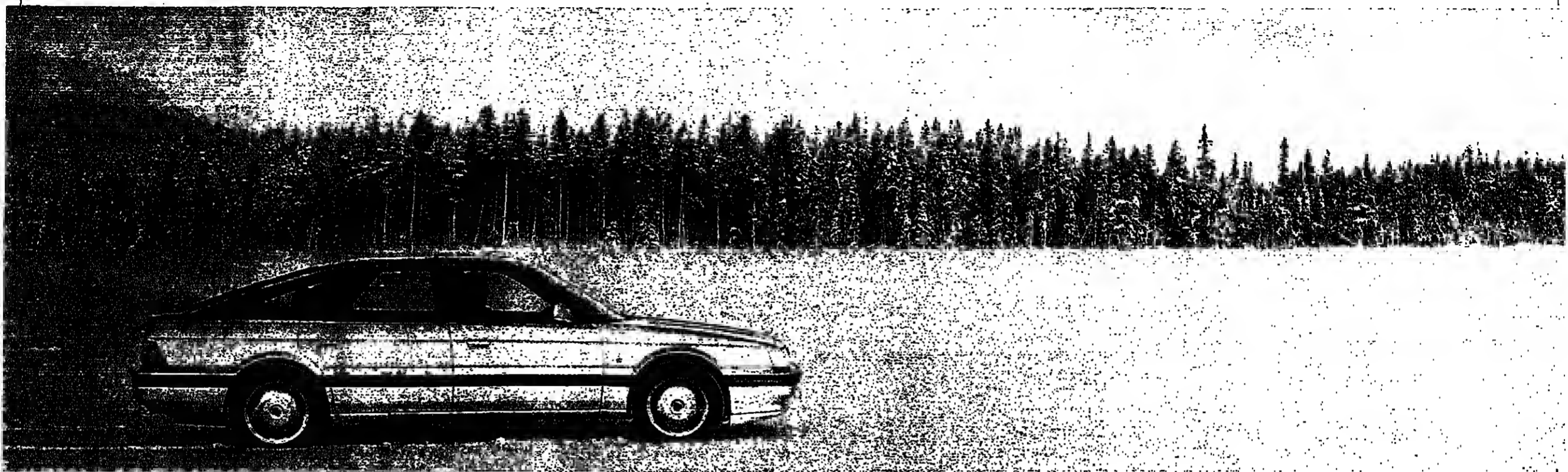


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OVERSEAS NEWS

Field marshal sworn in as Jordanian PM

By Lamis Andoni in Amman

KING Hussein of Jordan yesterday swore in a distant cousin, Field Marshal Sherif Zeid bin Shaker, as the prime minister of a caretaker cabinet entrusted with re-assessing economic policy and supervising parliamentary elections.

In a letter confirming the appointment, the king said the new prime minister should concentrate on maintaining stability and social discipline, indicating that the new government will take a tough line in the wake of riots which brought down its predecessor, the king said it should put an end to "politicisation of religion" and indicated disapproval of political activity by professional associations.

Mr Zeid Rifai, the former prime minister, resigned after widespread protests against price rises imposed by the government in line with an International Monetary Fund agreement. Field Marshal bin Shaker, 55, former commander

of the armed forces, was appointed chief of the Royal Court in January as part of a limited government reshuffle.

A childhood friend of the king, the field marshal remained close to him during the crises that threatened the Hashemite throne, especially in the turbulent years of the 1960s and during the 1970 civil war, when the king bowed to Palestinian pressures and removed his cousin from his military post for a short period.

Among other appointments yesterday, King Hussein brought Mr Taher al-Masri, a former foreign minister, back as minister of state for economic affairs. Mr al-Masri is a Palestinian who opposed Mr Rifai's confrontational policies towards the Palestine Liberation Organisation.

Addressing the nation for the first time since the riots, the king urged Jordanians to face the fact that the era of economic prosperity was over.

Palestinians underline unity on poll proposal

By Hugh Carnegie in Jerusalem and Lamis Andoni in Amman

PALESTINIAN leaders in the West Bank and Gaza Strip have sent a clear signal to the Israeli government of their determination to maintain a united position, both among themselves and with the Palestine Liberation Organisation, on proposals for elections in the occupied territories.

In response to plans for elections announced by Mr Yitzhak Shamir, the Israeli Prime Minister, more than 80 leading Palestinians from the territories, ranging from senior political figures such as Mr Faisal al-Husseini to academics, signed a statement rejecting the proposals. The signatories reflected a wide spectrum of Palestinian political opinion in the occupied territories.

Their statement said Palestinians within the territories would not be divided, and re-

iterated their identification with the PLO, with which Mr Shamir refuses to negotiate.

Meanwhile, the PLO itself appears to have outwardly hardened its line on elections. Leaders of the various PLO factions met in Tunis this week and decided to reject the idea of elections as a basis for a peaceful settlement.

Senior PLO officials said the decision was aimed at refocusing world attention on what the organisation sees as the substantial issues: convening a UN-sponsored international peace conference and securing an Israeli withdrawal from the occupied territories.

At the same time, some PLO leaders are continuing to press for the adoption of a more conciliatory position towards Mr Shamir's proposals, which enjoy some US support.

Egypt seeks to bring investment funds back

By Tony Walker in Cairo

THE head of Egypt's biggest and most controversial investment fund has authorised the government to withdraw the company's deposits from foreign banks, according to the latest edition of the semi-official al-Mussawar magazine.

No figure was given by the magazine for the amount of money lodged abroad by the El Rayan company, whose principal Ahmed Tewfik Abdel Fattah, is being held in custody, but sums of up to \$500m have been mentioned in Cairo's official press.

Representatives of some Western governments confirmed yesterday that Egypt had sought their assistance in repatriating El Rayan's funds from foreign banks. Among countries believed to have been approached are Switzerland, West Germany, Britain and the US.

Thousands of depositors in El Rayan, the most aggressive of the deposit takers which mushroomed into a huge industry that challenged the government's regulatory capabilities, face the loss of their life savings unless funds held abroad are traced.

The Egyptian government began last year seeking the return of "missing millions" held abroad by investment houses which were obliged in mid-1988 to suspend their operations, pending the introduction of a new law.

The activities of these finance companies have been virtually frozen since last year, while the authorities investigated their affairs.

According to some estimates, 104 companies attracted deposits of up to \$4bn, but no reliable figures have been published. The government last year asked depositors to supply details of funds lodged in these companies to assist in its investigations.

Depositors poured money into the investment sector, attracted by returns of up to 24 per cent annually on Egyptian pound and foreign currency deposits, compared with much lower rates offered by the banks. The government was unprepared for the rapid growth of these institutions.

Economic and racial time bomb explodes

Ray Medlock in Dakar on the history behind the riots in Senegal and Mauritania

THE ORGY of violence which exploded in Senegal and Mauritania this week was a time bomb kept ticking by economic strains and racial distrust. The dead are still being counted - at least 100 in Mauritania, according to hospitals, and several unconfirmed deaths in Senegal.

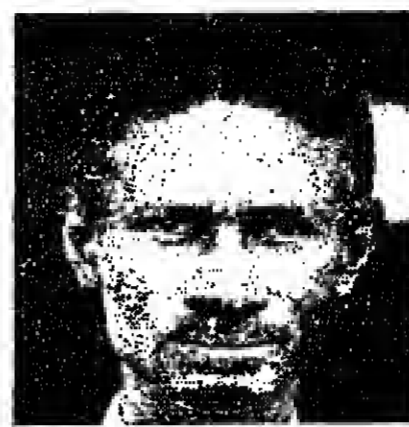
But there are other serious consequences of the lynching and the looting which followed a border incident over grazing rights. Economic circuits have been broken; Senegal's reputation as a peaceful haven for foreigners has taken a severe knock; and community relations between mainly light-skinned Moors and mainly black African Senegalese are at an all-time low as thousands of people return to their respective countries as dispossessed refugees.

Before this week's outbreak of violence, between 200,000 and 300,000 Mauritians, or Naars as they are called by the Senegalese, lived and worked in Senegal, about a third of them in Dakar. They controlled 80 per cent of the petty commerce sector.

Neighbourhood Naars shops used to open at all hours to sell tiny quantities of consumer goods to poor urban Senegalese: one potato, half a kilo of rice, a spoonful of sugar. This service was rendered on credit, a necessity for Senegalese trying to make ends meet. Almost all of the shops are now locked shut or looted, creating shortages of goods in the cities.

In Mauritania, communities of Senegalese fishermen settled along the rich Atlantic coast for generations are also an integral part of that economy. Senegalese work on farms and keep cattle and goats on both sides of the River Senegal, which forms the border.

There has also been economic co-operation at the state level. The massive hydroelectric and irrigation projects on



President Abdou Diouf played his last card by calling out troops

the river, at Diama and Manantali, are among the biggest and most expensive co-operation projects in the region.

As the Senegalese government daily put it, the two countries are "condemned to live together".

The cohabitation has not always been peaceful and there have been sporadic border incidents in the past. But this week's widespread violence - towns and villages throughout both countries were affected - was the worst yet.

It started on April 9 with the death of two Senegalese in the border village of Diawara in eastern Senegal. According to the Senegalese version, Mauritanian border guards opened fire on Senegalese peasants after an argument over grazing rights. Mauritania challenges this version, but the facts soon became obscured as tempers rose. Another incident quickly followed in the border town of Matam, this time leaving one Senegalese and one Mauritanian dead.

The fuse of the time bomb was thus exposed. Who, or what, finally lit it is unclear. There are a number of factors. Senegalese were angered for example by the Mauritanian Minister of the Interior, who on a visit to Dakar said the deaths of the two Senegalese at Diawara "should not be accorded more importance than necessary".

The Senegalese opposition newspapers may also take some of the blame for the escalation of events. Anything that is bad for the government is glib to their mill, and they carried a number of inflammatory statements. At a press conference on Monday which illustrated the depth of suspicion between the two communities, the Mauritanian ambassador - who is white - and Senegalese journalists - all dark - became involved in a shouting match with accusations of racism flying in both directions.

If racial tension was a big factor, it was not the only one. The serious economic crisis in both countries makes fertile ground for social unrest. In Senegal in particular, IMF-inspired structural adjustment programmes have led to severe cuts in government expenditure.

It is generally agreed that something had to be done about the internal and external deficits, but the cuts show the government cannot buy off political unrest. The number of people in both countries who have regular paid employment is very small and falling, as government jobs are trimmed. With a young and growing population, this leads to vast numbers of marginalised, unemployed youth who are ripe for exploitation, by government opponents or groups of more or less organised looters.

This week's violence was more criminal than political. But in Senegal in particular, the fragile political situation was a factor in its escalation. The Senegalese opposition leader continues to claim that he was cheated at last year's elections by government vote-rigging. Over the past 15 months, opposition rallies and demonstrations, some banned by the government, others a clear provocation by the opposition, have brought gendarmes and police on to the streets on numerous occasions.

The sights and sounds of violent protest have thus become banal: teargas grenades no longer frighten even little children, and dozens of arrests reported in the press no longer come as a shock to the Senegalese. To ensure security this week, President Abdou Diouf played his last card by putting troops on to the streets. It worked, because people still fear the army, but for how long?

In Mauritania, racial tension is a daily reality. The outbreak of violence there this week is not only against Senegalese but against low-caste Mauritanian blacks, and between white and black Moors.

Slavery was abolished in Mauritania only in 1960 and still exists in practice in various areas.

The Mauritanian government is dominated by the economically more powerful light-skinned people. There is a shadowy anti-government Black Liberation Army which occasionally distributes tracts from Dakar, to the anger of the Mauritanian government, even though the "army" may exist only in the imagination of the tract writers.

Although few of the participants in this week's mass vandalism and xenophobia would articulate their motives as political, their actions have succeeded in adding to the climate of political fragility in both Nouakchott and Dakar.

Lebanese group members sought over Paris bombs

A MAGISTRATE in Paris yesterday issued international arrest warrants for seven members of the Iranian-backed Hizbollah group in Lebanon for bombings in the French capital over two years ago, Renter reports from Paris.

This means that French intelligence services believe they have identified and tracked down the key suspects after an intensive hunt. The wave of explosions in Paris killed 12 people and injured at least 250 in 1986.

The seven suspects are believed to be in Lebanon and the arrest warrants have little chance of being served there.

The magistrate's investigation of the bombings, and police leaks that Iran was suspected of involvement, led to the breaking of ties between Paris and Tehran in July 1987.

During the dispute, French police surrounded Iran's Paris embassy to try to force an official suspected of links with the bombings to leave the building and submit to questioning.

Iran took similar action against France's embassy in Tehran and the impasse was not broken until the last French hostages in Lebanon were freed. Diplomatic relations were restored in June 1988.

Swapo guerrillas 'withdrawing'

By Anthony Robinson in Cape Town

A SENIOR UN official yesterday said about 4,000 Swapo guerrillas had moved north of the Angolan 16th parallel, in the first indication that attempts to get the Namibian independence process back on track were succeeding.

Most appear to be insurgents who had remained in southern Angola and were not among the estimated 1,800 armed men who crossed the border into Namibia after the start of the independence process on April 1. Under international agreements, all Swapo forces were supposed to be over 100 miles from the border, beyond the 16th parallel, by that date.

Mr Murrack Goulding, a UN trouble-shooter, gave the figures in Windhoek as Angolan, Cuban and South African officials met Soviet and US observers in Cape Town to discuss implementation of the agreements, providing for Cuban withdrawal from Angola and independence for Namibia.

Security forces in northern Namibia were confined to barracks for 60 hours to allow the 1,000 Swapo guerrillas believed to be still in Namibia to return to Angola without harassment. Military sources in Namibia said yesterday that the bodies of 13 more Swapo insurgents had been found by security

forces, during patrols before their confinement to base.

Three members of the African National Congress were awarded mandatory death sentences by the circuit court in the small Transvaal country town of Delmas yesterday, after being found guilty of killing four people since 1978, Jim Jones reports from Johannesburg.

A fourth was sentenced to 25 years imprisonment for attempted murder. The men refused to defend themselves throughout their trial, saying they were prisoners of war and should not be tried in a civilian court.

The art

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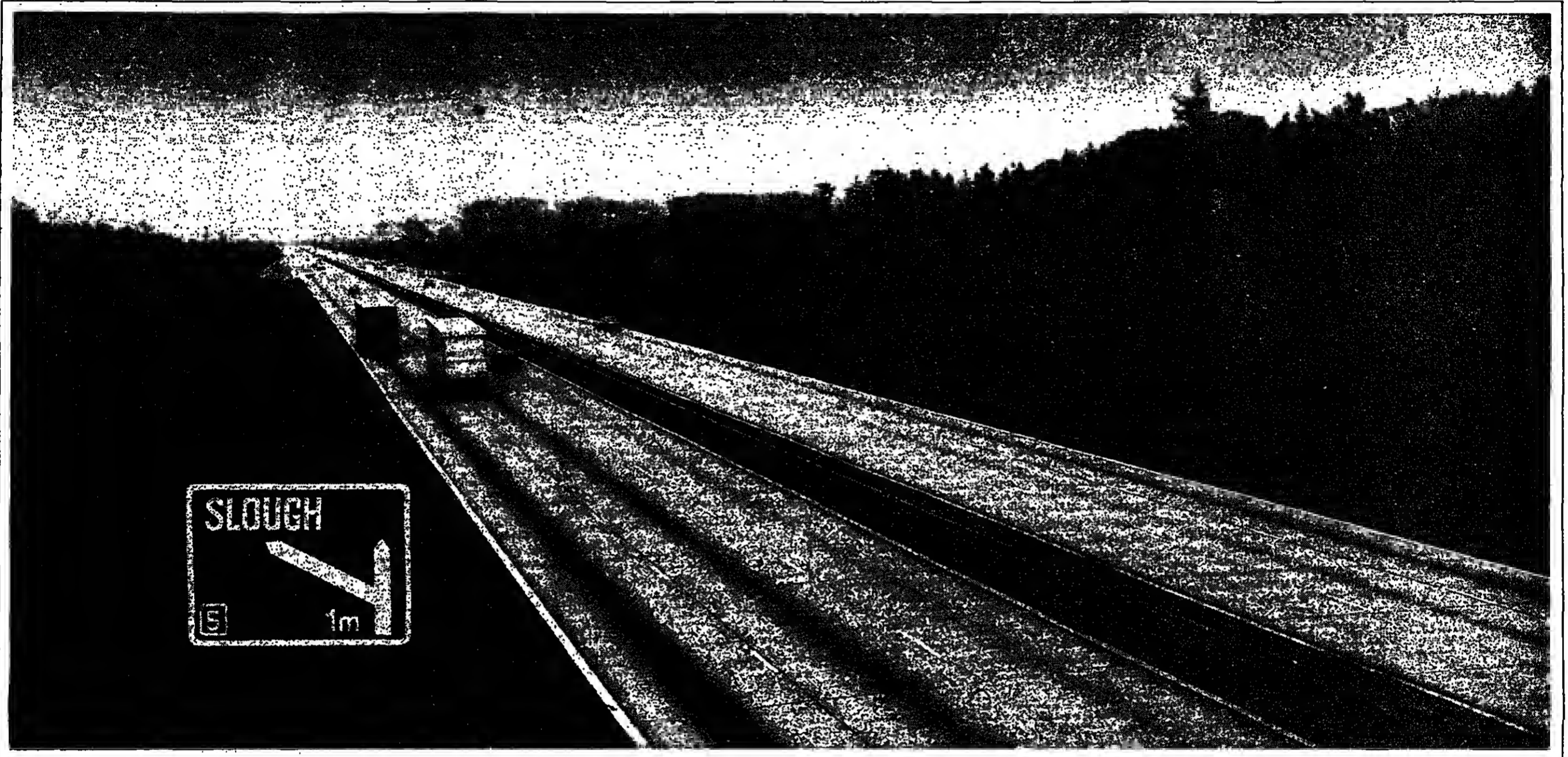
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AMCOAL

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)
Company registration number 01/01469/06

Results for the year ended March 31 1989, and declaration of final dividend

	1989 R000	1988 R000
Turnover	1 445 716	1 144 141
Operating profit before amortisation and depreciation	361 442	227 821
Deduct:		
Amortisation and depreciation	50 236	43 838
Operating profit	311 206	183 983
Interest and investment income (net)	53 005	42 386
Surplus on realisation of investments	-	3 488
Profit before taxation	364 211	229 857
Deduct:		
Taxation	193 675	118 244
- Normal	149 817	36 950
- Deferred tax benefits	43 858	81 294
Profit after taxation	170 536	111 613
Deduct: Earnings attributable to outside shareholders in subsidiary companies	4 924	6 672
Earnings attributable to shareholders of Amcoal	165 612	104 941
Dividends declared:		
	74 943	58 534
No. 131 of 95 cents per share declared October 31 1988	23 654	19 552
No. 132 of 205 cents per share declared April 27 1989	51 289	39 282
Number of shares in issue at March 31 1989	24 899 223	24 439 890
Estimated number of shares qualifying for final dividend	25 019 223	24 551 185
Earnings per share (cents)	665.1	429.4
Dividends per share (cents)	300.0	240.0
Interim	95.0	80.0
Final	205.0	160.0
Dividend cover	2.2	1.8

The annual report for the year ended March 31 1989 will be posted to members on or about May 11 1989

Extracts from the review by the Chairman, Mr W G Boustred

Amcoal's attributable earnings of R165.6 million for the year ended March 31 1989 were 58 per cent higher than those earned in the previous year. Increased dividends totalling 300 cents per share (1988: 240 cents) have been declared for the year and dividend cover has increased from 1.8 to 2.2 times.

This recovery in the earnings of the Group was brought about by higher export coal tonnages, improved US dollar prices, a weaker rand/US dollar exchange rate and increased income earned on coal sales to Eskom. Unit working costs were again contained below the inflation rate and the Group's cash resources continued to make an important contribution to earnings, particularly with the higher interest rates applicable in the latter half of the year.

Future prospects

The improved trading conditions in the export market combined with the expectation of a weak rand/US dollar exchange rate are forecast to result in increased export earnings. In the domestic market, the rising level of Amcoal's investment in New Denmark and New Vaal collieries will ensure income growth from its Eskom business, notwithstanding a reduction in the total annual tonnage supplied to Eskom. With the improved results also expected from the Verref Division, Amcoal is forecasting an increase in earnings for the year ahead though at a more modest rate than that achieved during

the year under review.

In the longer term, steady income growth is forecast from the Group's investment programme in New Denmark and New Vaal collieries, with the next major increase planned for early in the next century when commissioning of the Lekwe power station is due to commence.

Amcoal will continue to be a major participant in the export opportunities available to South African coal producers. Barring unforeseen political developments, longer term planning includes additional and replacement export coal mining capacity. South Africa's longer term competitive position in world markets nevertheless remains a cause for concern. While further weakening of the rand exchange rate will serve partly to compensate for increased cost brought about by high levels of inflation which continue to defy major efforts to contain them, the longer term result will inevitably be the further erosion of the industry's competitive position.

The production of liquid fuels from coal could represent a major investment opportunity to the Group, extending over a number of years, probably from the mid 1990s. The Group is committed to the development of the Verref Division and its strong financial and manpower assets leave it well positioned to participate in wider investment alternatives, particularly in the resources field.

Dividend

On Thursday, April 27 1989, the directors of the company declared final dividend No. 132, as follows:

Amount (South African currency)	205 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, June 2
Registers closed from to (inclusive)	Saturday, June 3 Saturday, June 17
Ex-dividend on Johannesburg and London Stock Exchanges	Monday, June 5
Currency conversion date for sterling payments to shareholders paid from London	Monday, June 5
Dividend warrants posted	Thursday, June 22
Payment date of dividend	Friday, June 23
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the company and its transfer secretaries.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per A. H. J. Millenaar
Senior Divisional Secretary

Transfer Secretaries
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Johannesburg 2001
(P. O. Box 61051, Marahlattown 2107)
and
Hill Samuel Registrars Limited
6 Greenoak Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001

London Office
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 27 1989



AMERICAN NEWS

Ottawa kills scheme to buy N-submarines

By Andrew Marshall

CANADA'S plan to buy a fleet of nuclear submarines for an estimated C\$8bn (£3.95bn) sank without trace yesterday. The controversial project was first officially revealed in an ambitious 1987 defence White Paper, the first in 16 years which envisaged giving a fillip to Canada's armed forces. But, as the government's attempts to bring its budget deficit under control have foundered, economic realities have intruded.

Funding for the submarines had never been fully allocated to the defence budget, being contingent on a cabinet decision each year. So the project was hanging by a fiscal string - now cut. Opponents of the project, at home and abroad, had been gunning for it since the day it was announced, because of the expenditure involved and because of the question of nuclear proliferation.

The reasoning behind Canada's decision to join the exclusive club of countries with nuclear submarines were always opaque. The government maintained that they would offer the country a much-needed operating capability in three oceans - Pacific, Atlantic and Arctic. Some boost for Canada's flagging defence budget was welcomed abroad. But many of those who opposed the deal, including US officials, argued that the only objective was to assert Canada's claim to sovereignty over the North-western Passage - a claim disputed by the US.

Canadian feathers were greatly ruffled by an incident in 1985, when the US sent the icebreaker Polar Sea through the passage without having sought Canadian permission. Nuclear submarines would have provided a more effective way to patrol the area. The deal's demise is a big loss for Direction des Constructions Navales, the French shipbuilder, and Britain's VSEL Consortium, the two main groups which had competed to sell a design to Canada. Various Canadian companies also stood to make money by the construction contracts. The question which the cancellation leaves unresolved is that over Canadian defence policy. The submarines were to be the keystone of the White Paper's emphasis on a broader North American role for Canada's forces. It remains to be seen whether the logic of the paper can be sustained without them.

Canadian budget greeted with relief

David Owen on reaction to financial measures less harsh than feared

CANADIAN Finance Minister Michael Wilson's fifth budget has to some extent fallen victim to raised expectations. Canadians were led to expect an exceptionally tough budget package by a carefully co-ordinated series of pronouncements by Mr Wilson and other government officials in recent weeks. In the light of these warnings, the actual proposals - weighted as they are heavily towards tax increases rather than expenditure cuts - are milder than some had anticipated.

	1988-89*	1989-90†	1990-91†
Budgetary expenditures:			
Programme expenditures	100.0	103.5	109.0
Debt charges	33.0	39.4	39.8
Total Expenditures	133.0	142.9	148.8
Budgetary revenues	104.1	112.4	120.8
Deficit	28.9	30.5	28.0
Percentage of GDP (%)	4.5	4.7	4.1
Non-budgetary transactions	6.9	10.0	10.4
Financial requirement	22.0	20.5	17.7
Percentage of GDP	3.7	3.2	2.8
Net Public Debt	321.1	351.6	379.6
Percentage of GDP (%)	53.6	54.5	58.3

* Estimate † Forecast
Source: Canadian government

forecast to slow to 3 per cent in 1989 and 1.7 per cent in 1990. Inflation and unemployment rates in 1989 are expected to reach 4.8 per cent and 8.2 per cent respectively. Despite the stringency of Mr Wilson's proposed measures, which will trigger C\$3.7bn in tax increases and C\$1.5bn in spending cuts, the worrisome federal budget deficit is set to rise back above the psychologically important C\$80bn level in 1989-90.

High interest rates have raised the cost of servicing the government's accumulated C\$220bn debt beyond expectations. This, essentially, will more than offset the C\$5.2bn of expenditure savings and increased revenues which the package is expected to generate. The deficit is forecast to fall back to C\$28bn in 1990-91. In terms of specific measures, Mr Wilson's experience and increasing political know-how are evident both in the way in which the pain has been spread as broadly as possible and in the structuring of certain sensitive proposals.

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One area where the budget is bolder than anticipated is unemployment insurance, where the government proposes to withdraw entirely from its current funding role commencing January 1 1990. The programme will therefore be financed entirely by employer and employee premiums. The move, which follows proposals earlier this month to reallocate more money for retraining and to tighten rules governing qualifications for benefits, is expected to yield C\$425m in savings in 1989-90, rising to a hefty C\$1.5bn in 1990-91. In 1989, the government estimates that it will fund about C\$2.9bn of the programme's overall C\$12.6bn cost. The proposed 9 per cent multi-stage sales tax rate is also towards the upper parameters of the range anticipated. The new tax will raise enough revenue to replace the antiquated existing manufacturers' sales levy, and to permit the implementation of several additional

The budget had surprisingly little of substance to impart on the subject of agriculture, where government expenditure has soared from C\$3.2bn in 1984-85 to C\$5.8bn in 1987-88. Budget papers merely noted that the type of ad hoc special measures which have contributed largely to increased expenditures are not "satisfactory as a policy framework over an extended period." The government pledged in the 1986 to foster an increasingly self-reliant agricultural sector in a "stable and predictable policy environment." All current policies and programmes are to be reassessed over coming months. Other expenditure cuts will include a progressive phasing down of subsidies for the country's passenger rail service and a reduction in the annual appropriation earmarked for the Canadian Broadcasting Corporation. The proposed construction of a new prison in Newfoundland will also be delayed. Earlier this month the province elected a majority Liberal government, relegating the Conservative to the status of official opposition for the first time in 17 years.

Pinochet reshuffle quashed

CHILE'S military government yesterday moved to quash reports of a cabinet crisis, saying only minor changes would be made. Earlier, President Augusto Pinochet had called for the resignation of his ministerial team. Benter reports from Santiago. There had been reports that Mr Carlos Caceres, the interior minister, who heads the cabinet, had sparked a crisis after Gen Pinochet had rejected proposals for reforming the military's controversial political constitution. But the government announced yesterday that Mr Caceres had been confirmed in his post and that there would be only two minor changes in the 18-man ministerial team. "President Augusto Pinochet accepted only the resignations of the ministers of education and mining," the government's information service. The announcement followed a meeting on Thursday morning between Gen Pinochet and his fellow armed forces chiefs who sit on the military junta,

the country's legislature. There was no immediate statement on what was discussed. Government sources, whose formation was echoed by local press reports, said on Wednesday that Mr Caceres would be replaced, along with Mr Hernan Felipe Errazuriz, the influential Foreign Minister, Mr Pablo Barona, Economy Minister and Mr Juan Antonio Guzman, Education Minister. The reports said Mr Caceres had proposed making concessions to opposition and conservative parties which are demanding sweeping changes to the constitution to reduce the military's future political role. The pressure for political reform emerged following Gen Pinochet's defeat in last year's presidential plebiscite which forced him to call elections for next December. The opposition says the constitution is to be replaced by a new one next March when Gen Pinochet hands over the presidency, leaves too much power

in military hands and is undemocratic. Announcing the cabinet reshuffle on Wednesday night, a government spokesman said Gen Pinochet had demanded the resignations "so as to have a free hand to evaluate the political situation." In the face of mounting calls for changes, Gen Pinochet had authorized Mr Caceres to hold talks with opposition and conservative parties with a view towards reaching a consensus. Any changes agreed would be put to a plebiscite to be called before the end of June. Government sources said Mr Caceres proposals had gone too far towards meeting the demands of the political parties, which would have stripped the military of much of its influence. Gen Pinochet, who toppled the leftist government of Mr Salvador Allende in 1973, sees the constitution as a guarantee against a return to the political and economic chaos which marked the last days of the Allende government.

Argentina plans new economic measures

By Gary Mead in Buenos Aires

MR Juan Carlos Pugliese, Argentina's Minister of Economy, says he plans to introduce new measures to tackle the current crisis of confidence. Following a late-night emergency meeting on Wednesday between Mr Pugliese, President Raul Alfonsin and representatives of government and business, Mr Pugliese said new measures would be taken to try to stabilise the economy "as soon as possible, probably before the elections" scheduled for May 14. "There still is no plan, but we are working on some measures," he said. No one at the meeting specified what new action is under consideration, but Argentina is facing a group of economic problems which threaten to coincide and erupt before the presidential election of May 14. In recent weeks a collapse of confidence in the austral has led to fierce demand for foreign currency, though there was a slight improvement yesterday, as the currency recovered from its lows this week of more than 100 australs for \$1 to 70 australs. Mr Pugliese is under pressure to drop the so-called "reference dollar", introduced by the government ten days ago and fixed at 36 australs. Far below the free-floating rate, the "reference dollar" is used as a form of taxation on exporters, who receive 36 australs for every US dollar earned. Many have refused to conduct business rather than receive substantially less earnings. Mr Pugliese is also facing a worsening treasury deficit crisis. According to independent estimates, in April the government will be able to cover only 40 per cent of its normal expenditure. The fiscal deficit for 1989 is now believed to be running at \$2.7bn, more than 12 per cent of the formal economy's gross domestic product. Failure to control the fiscal deficit has left Argentina without an agreement with the International Monetary Fund and at the beginning of March led to the suspension of a World Bank loan of \$350m.

Carter to monitor Panama poll

By Lionel Barber in Washington

MR Jimmy Carter, the former US President, is to head a team of international observers to monitor the presidential elections in Panama on May 7. The elections are turning into a test of strength for General Manuel Noriega, the country's military ruler who faces opposition and Bush administration charges of ballot-rigging and fraud to ensure the victory of his candidate. President Carter's visit is symbolically important because he and the former Panamanian military leader General Omar Torrijos signed the 1977 Panama Canal Treaties which yield US sovereignty over the canal to Panama by the end of the century. Widely respected in Panama and Latin America, Mr Carter's judgment on the fairness of the election will be eagerly awaited. The Bush administration is drawing up plans aimed at removing General Noriega - if, as widely expected, the results are fraudulent.

Bipartisan efforts to cut US budget under threat

By Peter Fiddell, US Editor in Washington

BIPARTISAN attempts to hold down US federal spending are being threatened by major divisions on spending priorities between Congressional Democrats and Republicans. The problems in implementing the recent outline agreement on the fiscal 1990 Budget were underlined on Wednesday when a proposal by the Democratic Congressional leadership to contain supplementary spending for the current 1989 fiscal year within previously agreed totals was rejected by the House of Representatives. The defeat was on a plan to finance \$4.7bn in emergency programmes and discretionary spending on the homeless and fighting drugs by an across-the-board \$1.5bn off defence within the next five months aroused the anger of Republicans and conservative Democrats, while some liberal Democrats objected to cuts in social provision. Congressman Bill Gray, a senior Democrat and former chairman of the House Budget Committee, said the vote showed that the Reagan-era stalemate over priorities was continuing. The Republicans, he said, were still not prepared to compromise on defence, while the Democrats were still clinging to "parochial" concerns about "my favourite project, my programme." The 1989 proposals are now being redrafted, but the same pressures may recur over the next few weeks in the detailed consideration of the 1990 Budget which was yesterday in process of ratification by the House Budget committee, after similar action in the Senate last week. Some liberal Democrats have warned that they will ally with Republicans, against their own leadership, to oppose the Mideastern truck-based missile system, for which the administration is proposing limited development funding. They argue that it would be mistaken to develop two systems and better to concentrate on one, even if it is the 10-warhead rail-based MX which they have previously opposed.

Notice to the Holders of BEARER WARRANTS to subscribe for shares of common stock of THE SUMITOMO MARINE AND FIRE INSURANCE COMPANY, LIMITED

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Notice is hereby given that as a result of the issuance by The Sumitomo Marine and Fire Insurance Company, Limited of its 30 million new shares of common stock by way of a public offering in Japan on 28th April, 1989 (Japan time) at an offering price of ¥1,245 per share, the Subscription Price for the above-captioned Warrants was adjusted from ¥1,181.90 to ¥1,172.90 per share of common stock effective as from 26th April, 1989 (Japan time).

THE SUMITOMO MARINE AND FIRE INSURANCE COMPANY, LIMITED
27-2, Shinkawa 2-chome
Chuo-ku, Tokyo, Japan

28th April, 1989

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Pursuant to Clause 7(B)(iv) of the Trust Deed relating to the Bonds, Notice is hereby given as follows:

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As a result and pursuant to Condition 5(C)(iv) of the Terms and Conditions of the Bonds Conversion price was adjusted from \$503.70 to \$598.20 per share of common stock of the Company effective as from April 20, 1989 (Japan time).

28th April, 1989
Sekisui House, Limited

WORLD TRADE NEWS

EC opposes talks with US on 'unfair practices'

By Peter Montagnon, World Trade Editor

THE EUROPEAN Community "is not prepared to collaborate with the US in the implementation of its trade legislation" by negotiating bilaterally on so-called unfair trade practices, Mr. Frans Andriessen, EC External Affairs Commissioner, said in London yesterday.

Trade issues such as those raised by the US trade bill should be negotiated in the multilateral framework of the General Agreement on Tariffs and Trade, he said in an interview.

Under the terms of last year's trade bill, the US has already singled out the EC for priority attention because of what it alleges are unfair trade



Andriessen: No collaboration

practices in the telecommunications sector. Mr Andriessen said he did not yet know whether this meant the Community would be targeted for action when Washington draws up a formal list of unfair trading countries at the end of next month.

However, he said the principle was wrong that bilateral negotiation should begin when one country was reserving the right to impose trade sanctions in the event of an unsatisfactory outcome. The EC was prepared to explain its policies but not negotiate.

"I hope we will be able to convince the US that, at the moment we are undertaking deregulation in telecommunications, it's wrong to single out telecommunications as a priority," he said.

He acknowledged that the Bush administration was under strong pressure from Congress which is considering the legislation. The special targeting of countries under the new trade bill could damage the environment in which the

OECD long term credits rise 45%

By Peter Montagnon, World Trade Editor

LONG-TERM export credits granted by members of the Organisation for Economic Co-operation and Development rose by 45 per cent last year to a preliminary \$DR9.2bn (\$12bn), the first increase recorded since the debt crisis broke in 1982.

According to figures released this week by the OECD, last year's total was still only half the peak \$DR18.2bn level of credit extended by its members in 1982. The OECD said, however, that it was too early to tell whether last year's rise constituted a new trend.

Almost half of the credits extended last year went to countries classified as relatively poor. Of the total, 28 per cent received only guarantees or insurance, 17 per cent benefited from interest rate subsidies, and 54 per cent were direct credits.

Montserrat option

THE government on the Caribbean island of Montserrat has granted an option to build a \$300m holiday village and yachting marina to Davon Holdings, a privately-owned British developer, reports Andrew Taylor. Davon said it was considering offers of finance from the UK and US.

Iraq seeks foreign aid for weapons industry

By Andrew Gowers, Middle East Editor

IRAQ will launch today - at an international military production fair in Baghdad - a big drive to attract foreign, especially Western, assistance in upgrading its rapidly-growing arms industry.

Scores of foreign companies, including more than 20 from Iraq's main European ally France and about 15 from Britain, will be on hand to inspect a sample of items the Iraqi weapons industry claims to produce or assemble, including small arms ammunition,

tanks and modified medium-range missiles.

The aim of the exhibition, according to Western military officials in Baghdad, is to put Iraqi officials in contact with companies that might provide technology and finance for military joint ventures, as well as to advertise existing Iraqi capabilities for possible export markets in the Arab world.

Iraq decided to build its own arms industry early in the eight-year war with Iran. It is anxious to diversify further

from its present dependence on Soviet weaponry, and to move up-market. In both aims, the Iraqis see the assistance of Western, and of some Third World countries such as Brazil, as crucial.

Given the Baghdad regime's habitual secrecy, it is impossible to be certain of its military production capabilities. At a previous arms fair last autumn, the Iraqis claimed to have produced their own missiles with ranges of 650 km and 950 km; in fact, these were

probably modified Soviet Scud-Bs.

Western officials say the existing industry predominantly consists of low-technology assembly and small-scale manufacturing operations. Apart from small arms and ammunition, these are believed to include an assembly plant for Soviet T54, T55, T62 and T72 tanks; a Yugoslav-built factory making artillery guns; and a plant to modify Swiss-built Pilatus trainer aircraft.

Considerable doubt surrounds Iraq's ability to fund its ambitions in view of its \$65bn-plus debts.

The involvement of British companies amounts to the biggest sales pitch by the UK arms industry in Iraq to date. Officials in London were anxious to stress that the companies are going to Baghdad on their own behalf, not with Government sponsorship, and that their presence implies no relaxation of the export controls on lethal equipment which were in force during the Gulf war.

UK high-tech sale worries US

By Nancy Dunne, in Washington

DISCUSSIONS between US and British officials are underway over American concerns that an export licence granted by the British Government for a high technology sale by Simon-Carves of Stockport, north-west England, would violate restrictions imposed by the Paris-based Co-ordinating Committee for Multilateral Export Controls.

The sale, part of a \$450m deal between Moscow and Simon-Carves, a construction firm, would result in the transfer of programmable industrial processors - precision controllers used in assembly-line production - for a factory being built in Yerevan, Armenia.

Mr Michael Price, a spokesman for the British Embassy, said the UK Government has taken the position that the equipment is not covered by the Gocom list of strategic items to be controlled.

Conservatives in the US are concerned that the sale will establish a precedent for bypassing Cocom on strategically significant technology.

Although the Bush Administration reportedly disagrees with the UK, it has yet to make public its concerns. Mr Frank Gaffney, a Pentagon official in the Reagan Administration, said many Bush officials view British approval of the export licence as "an institutional

assault on Cocom."

The "ruggedised" printed circuit boards, which the Yerevan factory will produce, have important military applications, he said.

The Bush Administration has been under intense pressure by US industry and many members of Congress to ease export controls on all but the most sensitive equipment. It has been gradually liberalising some export control rules but has yet to publicly alter its policy towards Cocom.

According to Mr Gaffney, Bush officials are inclining towards an easing of the Gocom's "no exceptions policy".

World chip sales expected to rise 14.4% this year

By Louise Kehoe in San Francisco

WORLDWIDE semiconductor sales are projected to grow to \$31.5bn - up 14.4 per cent this year, but to decline slightly in 1990, according to data released yesterday by World Semiconductor Trade Statistics, a reporting programme whose participants include US, European and Japanese chip makers.

The forecast suggests that the industry will make a "soft landing" in 1990, rather than head for a deep recession as some industry analysts had feared. Growth projections for this year have been raised and the projected 1990 downturn

will be more moderate than previously expected, the trade group said.

The anticipated decline is likely to intensify trade friction over semiconductors, however, since it will coincide with the final year of the US-Japanese semiconductor trade agreement on market access and dumping, as well as with an anticipated build-up of new US and Japanese-owned semiconductor plants in Europe before the advent of the EC single market in 1992.

Forecasters anticipate greater volatility in the memory chip sector.

Nissan leads Japan's 'transplant' operation

By Kevin Done, Motor Industry Correspondent, in Tokyo

THE INK was barely dry on the landmark agreement last week between Toyota and the UK Government for a £700m car assembly plant, to be built near Derby, before Nissan, Toyota's Japanese arch rival, signalled that it planned to raise the stakes yet again in the battle for the European car and commercial vehicles market in the 1990s.

The surge into what is called transplant production outside Japan may have begun largely as a way to circumvent import quotas or "voluntary export restraints" imposed by the US and some European Governments, and as a way to move closer to the market place. However, it is now being driven by the economic imperative of countering the rapid appreciation of the yen.

The rapid rise in the value of the Japanese currency has called into question the future profitability of direct vehicle exports from Japan and has added fresh urgency to Japanese vehicle makers' efforts both to establish overseas assembly and to move to significant levels of local content more quickly than first reckoned.

The appreciation of the yen has forced Japanese makers to concentrate much greater attention on developing the domestic Japanese market, where growth is needed to compensate for the weakening in direct exports. At the same time, export strategies are increasingly being switched towards quality rather than quantity.

In future, the higher value models will be exported from Japan, while volume models for the lower segments of the European and North American markets will increasingly be produced there.

Honda, Japan's third largest car maker, has grabbed the lead in North America with the development of plants in both the US and Canada for producing 610,000 cars a year by 1992, in western Europe, but it is Nissan that holds the initiative.

biggest vehicle producer, made its play in Europe at last. Mr Shoichiro Toyoda, Toyota president, announced that the group is to spend £700m to build its first European car assembly plant.

By the time the first Toyota rolls off the Derby assembly line in 1992, the rival Nissan plant at Sunderland in north-east England should be approaching its planned capacity of 300,000 cars a year.

According to the outline strategy disclosed here yesterday by Mr Yutaka Kume, Nissan president, the company is set to steal a further march in Europe on its rival by doubling its European car production capacity to 400,000 cars a year by the late 1990s.

Nissan has been by tradition the leading Japanese car group in Europe. Last year it sold an estimated 382,000 cars in western Europe, claiming a car market share of 2.9 per cent compared with the 2.7 per cent (sales of 350,000) captured by Toyota.

It is clear that Nissan and Toyota are working hard to establish their European production bases. Both are prepared to enter joint ventures with traditional European producers if this serves the cause.

Nissan has indicated that it expects to have finalised an agreement with Ford for the joint development of a new vehicle in Europe - a four-wheel-drive, multi-purpose vehicle - that would bring Nissan into a market segment for leisure/utility vehicles below the segment in which it is represented by the larger, more rugged Nissan Patrol.

For its part, Toyota saw first production in January in Europe of its Hilux one-tone pickup, via a licensing deal with Volkswagen for production at VW's Hanover plant. But Toyota is trailing Nissan, which has an established operation in Spain, its 71 per cent-owned Nissan Motor Iberica. Output there reached 80,000 units last year, and Nissan is investing about £450m over the next four years to modernise the facility.



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UK NEWS

Former Guinness chief's lawyers pull out of case

By Raymond Hughes, Law Courts Correspondent

SOLICITORS representing Mr Ernest Saunders, the former chairman and chief executive of Guinness, the drinks and entertainment group, who faces criminal charges arising out of the takeover of Distillers, the whisky group, yesterday withdrew from the case.

At a pre-trial hearing at Southwark Crown Court in London, Mr Saunders' counsel, Mr Richard Ferguson, barrister, said that the solicitors, Landau and Landau, felt they had "no option" but to withdraw at once because of "strictures" against them by the judge, Mr Justice Henry, during yesterday's proceedings.

Last week the firm had told Mr Saunders that, unless it could negotiate adequate remuneration from the criminal legal aid authorities, it might have to stop representing him.

Yesterday Mr Justice Henry asked why the solicitors had only now raised the matter when Mr Saunders had been granted legal aid last December. The judge also queried the amount of work the firm had done so far in preparing Mr Saunders' defence.

Mr Ferguson said the solicitors "deeply resented" and were "extremely upset and distressed" by the judge's remarks. The "economic reality", Mr Ferguson said, was that if the firm continued to work at the legal aid rates it presented offered "they would go bankrupt."

The matter arose after Mr Saunders and five of his co-accused had pleaded not guilty to all the charges against them on the 65-count indictment, which includes allegations of theft, false accounting and conspiracy to defraud.

Mr Saunders faces 49 charges. Mr Roger Seelig, the former Morgan Grenfell corporate finance director, 20, Mr Anthony Parnes, a former stockbroker, 14, Sir Jack Lyons, the millionaire financier, 13, Lord Spens, former director of corporate finance at the Henry Ansbacher merchant bank, faces five charges, and Mr David Mayhew, senior corporate finance partner of stockbroker Cazenove & Co, faces four.

The seventh defendant, Mr Gerald Ronson, chairman of the Heron Corporation, had been excused from attending court yesterday because he had a business commitment.

His counsel, Mr Michael Sherrard, barrister, told the judge that when Mr Ronson came to court today he would

pled not guilty to the 11 charges he faces.

Later yesterday, Mr Norman Turner, the partner in Landau and Landau who has been handling Mr Saunders' defence, said he rejected Mr Justice Henry's suggestion that "we have not been industrious on our client's behalf."

He said they had worked for nothing for 11 months before Mr Saunders had been granted legal aid.

"We are bound to provide the quality of defence necessary to ensure a fair trial for Mr Saunders, but to operate on the (legal aid) rates indicated on this unique case could place us in potential bankruptcy," Mr Turner said.

Mr Saunders said later that he regretted that Mr Turner would no longer be working on his case. "He has done such unstintingly devoted work for me in the past two years."

Under the criminal legal aid regulations standard fees are paid to solicitors. The rate for a senior solicitor, such as Mr Turner, is \$45 per hour for case preparation.

An "uplift" can be added, at the discretion of the legal aid authorities, to take account of the complexity of the case and the amount of work involved. However, solicitors do not know the amount of the uplift until they present their bill after the trial.

Yesterday Mr Justice Henry said that the authorities had indicated that Mr Turner's rate would be not less than £100 per hour.

Mr Ferguson said that was only the "anticipated" figure.

The judge said he wanted to know if the firm was continuing "because my belief is that there will be no shortage of competent and experienced solicitors to take on this case, even at this juncture."

Also he would want to know why Landau and Landau had accepted a legal aid retainer if it was not prepared, or could not afford, to work at legal aid rates. He asked that if the answer to that was ignorance of the rates, why had that not been found out in December so that the present position could have been reached at the turn of the year.

Mr Ferguson, who several times protested at the judge's remarks, said the firm should have time to prepare its answers "and to satisfy you and the public at large that they have taken every proper step they could have taken for the defence of Mr Saunders."

Canadians torpedo the UK's submarine builders

Lynton McLain sees VSEL put on a brave face

NUCLEAR submarines remain among the most expensive and least exportable warships, as Britain's VSEL Consortium discovered yesterday when Canada decided it did not, after all, want to spend \$3bn or more to join the club of nations operating such vessels.

The US, Soviet Union, China, Britain and France make and operate nuclear-powered submarines, but although China has used Soviet technology, none of them has yet exported a nuclear submarine.

Canada's announcement last year that it was interested by buying between 10 and 12 submarines, generated considerable interest and a contest developed to supply the vessels between Europe's only two nuclear submarine makers, VSEL Consortium and Direction des Constructions Navales, the French shipbuilder.

The vessels were to have been nuclear-powered hunter-killer submarines, which carry torpedoes for sinking other ships and submarines, rather than nuclear ballistic missiles as part of a nuclear deterrent. However, the Canadian decision has dashed the hopes of the Barrow-based VSEL and the French state-owned company, VSEL shares fell sharply in London yesterday when news broke that the potential contract had been called off.

Other large defence groups in Britain will also lose potential sales after the Canadian

decision. These include Rolls-Royce, which makes the nuclear reactors for the submarines, GEC, which makes the turbine generators, Ferranti, Plessey, and Strachan Henshaw, the specialist Bristol-based maker of torpedo tube equipment.

VSEL, the former Vickers Shipbuilding and Engineering company, offered its Trafalgar class nuclear-powered hunter-killer submarines, which are in service only with the Royal Navy. Direction des Constructions Navales offered the Rubis-Améthyste submarines, in service only with the French navy.

The UK group said yesterday that it was disappointed with the Canadian decision, but it sought to play down its significance.

"The impact on the company will not be all that major, because we had not written the Canadian order into any of our future profit forecasts or budgets," VSEL said. "We were not banking on it."

VSEL is Britain's only submarine maker and the Government is content to deal with a monopoly supplier, contrary to its declared policy of competitive tendering for Ministry of Defence orders. That has left VSEL with all the outstanding orders for submarines for the Royal Navy.

Although VSEL says it has orders worth £2bn on its books, it is only working on four submarines, two of which are nearly finished. Had VSEL won

the Canadian order, its orders would have leapt to \$2.5bn, taking into account submarines leaving the order book on completion.

The Barrow yard is working on the last two Trafalgar submarines for the Royal Navy, HMS Talent and Triumph, but HMS Triumph will be the last of the Trafalgar class submarines.

Barrow is also building the first two Trident nuclear-powered ballistic-missile-carrying submarines for the Royal Navy, HMS Vanguard and Victorious, along with the first Upholder class conventional diesel-electric submarine, HMS Upholder.

VSEL also owns the Cammell Laird shipyard at Birkenhead, near Liverpool, where a further three Upholder class submarines are to be built.

Those orders, and the last two Trident submarines, are all the work that VSEL has to keep its yards producing income from warships. It expects the third Trident submarine order to be placed later this year and the fourth, and last, to be ordered possibly next year.

With the Canadian order having fallen through, VSEL faces at least a gap of eight years in orders for the hunter-killer submarines. This vessel has sustained work at the Barrow yard since the last order for a Trafalgar class submarine was placed in January 1986.

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British Airways threatened with Brussels bid referral

BRITISH Midland Airways is to refer any bid by British Airways for Sabena, the Belgian national airline, to the European Commission, Mr Michael Bishop, the chairman of EMA said yesterday. Lynton McLain writes.

British Airways has refused to confirm or deny that it is in talks with Sabena, but the Belgian airline is seeking a part-

ner and has had unproductive negotiations with Scandinavian Airlines System (SAS), TWA, American Airlines, Luxair, Air France, Lufthansa and KLM.

SAS bought a 24.9 per cent share of Airlines of Britain Holdings, the British Midland Airways parent company, last year and Mr Lars Bergvall, the chief operating officer of SAS,

joined the board of Airlines of Britain as a non-executive director.

Mr Bishop said yesterday that the chairman of SAS recently had written to the chairman of Sabena calling for the two airlines to reopen talks about a possible partnership. British Midland Airways would be a party to these talks, Mr Bishop said.

A subsidiary of Airlines of Britain, London City Airways already has a partnership agreement with Sabena on flights from London City Airport to Brussels.

Airlines of Britain would seek a referral of any bid by British Airways for Sabena through the transport commission at the European Commission. Mr Bishop said he was

concerned that a link between BA and Sabena would give British Airways five major hub bases in Europe, at Manchester, Birmingham, Heathrow, Gatwick and Brussels.

Airlines of Britain Holdings yesterday reported a pre-tax profit of £11.1m for the year to the end of last December on a turnover of £183.6m.

Newspaper takeover is blocked

By Raymond Snoddy

THOMPSON Regional Newspapers, publishers of the Belfast Telegraph, is considering launching a new morning newspaper in Northern Ireland after the decision yesterday by the Department of Trade and Industry to block Thompson's bid for Century Newspapers.

Century is the publisher of the Belfast News Letter, the oldest morning newspaper in the UK.

The News Letter has been in the hands of the owning Henderson family for 193 years. The company also publishes the Sunday News and two local free newspapers.

The Monopolies and Mergers Commission decided unanimously that the sale would be against the public interest because it would increase Thompson's share of the regional daily newspaper market from 63 to 81 per cent.

The Commission also argued that the sale would adversely affect the present balance of expression of political opinion in Northern Ireland.

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UK NEWS

North Sea mishaps heighten concern over offshore management

Stephen Butler asks whether something may be wrong with the way that Britain's oil and gas production is handled

UNTIL just a few months ago - even after the Piper Alpha disaster which killed 167 men last summer - the UK oil industry was able to say in confidence that it had a good record for safety and maintenance. The record had been marred by a dreadful accident and occasional equipment failure, but these were seen in the industry mainly as regrettable aberrations that reminded of the inherent dangers of working offshore and need for continued vigilance.

Now, nearly nine months after the explosion on Piper Alpha that rocked the oil industry, a series of accidents and equipment failures that has cut UK oil production by more than 30 per cent has raised increasing concern that something may be fundamentally wrong with the way that North Sea oil and gas production is managed.

These concerns are amplified because most of the incidents - particularly those that have seriously affected production - have struck Shell Exploration and Production, the 50:50 joint venture between Shell and Esso that is widely regarded as one of the best operators in the North Sea, the most professionally managed and the most thorough on safety.

The list of mishaps over the

past year has grown alarmingly long:

- July 5: Shell's Brent Alpha platform was shut down after a gas explosion. Despite a close call, there were no injuries.
- July 6: A massive explosion destroyed the Occidental Petroleum's Piper Alpha platform, killing 167, after a leak from a gas condensate pump which, unknown to the control room, was under repair. Ten per cent of UK oil production was knocked out.
- September 22: One man died and the Ocean Odyssey drilling rig was destroyed after operator Atlantic Richfield experienced a blowout during high pressure drilling.
- October 4: A serious gas leak occurred on Chevron's Ninian platform when a pipe broke during maintenance. Production was shut down and staff evacuated a blowout during high pressure drilling.
- December 24: The offshore loading vessel for the Shell-operated Fulmar field broke loose from its mooring causing production to halt there at at neighbouring fields, Auk and Gyle.
- January 1: The bursting of a gas vessel on Shell's Brent Alpha caused damage to pipes and wiring and forced the platform to close down. No injuries were reported.
- April 18: A big gas explosion at Shell's Cormorant Alpha platform forced shutdown of

the Brent pipeline system, which was handling 472,000 barrels a day of crude. The leak occurred during installation of a safety valve, and the explosion occurred after the area had been evacuated.

April 28: The Shell-operated St Fergus gas plant was closed after routine inspection revealed potentially serious equipment problems. About 7 per cent of UK gas supply was affected.

This is bewildering rag-bag of incidents that offers little in the way of a common thread of causes. In some cases the accidents appear clearly to result from faulty work procedures, while in others critical equipment gave out.

The public inquiry in Aberdeen into the causes of the Piper Alpha disaster has touched on both these factors as possible contributors to the world's worst offshore disaster. Survivors of the blast have levelled some strong accusations that the work permit system on the platform - the key system that keeps the control room aware of possibly dangerous maintenance work around the platform - was in shambles.

Occidental has yet to present fully its side of the story, and it is unclear whether any possible problems lay in the work permit system itself or how it was operated. Yet something

was badly wrong if the conclusions of the technical investigation into the accident are correct, that the initial gas leak occurred when control room operators attempted to restart a gas condensate pump while unaware that a safety valve had been removed for maintenance.

Since the Piper Alpha disaster string of accusations has emerged from unions that keeping North Sea production going has taken precedence over careful safety procedures. Workers complain that they might face reprisals by raising safety issues that could slow down work, or affect production. These claims have now become too persistent to ignore and are one factor behind the Government's decision to support the establishment of statutory safety committees.

The claims that workers who report safety problems face reprisals are dismissed out of hand by oil company executives, and there is certainly no evidence that companies adopt any such measures as a matter of policy.

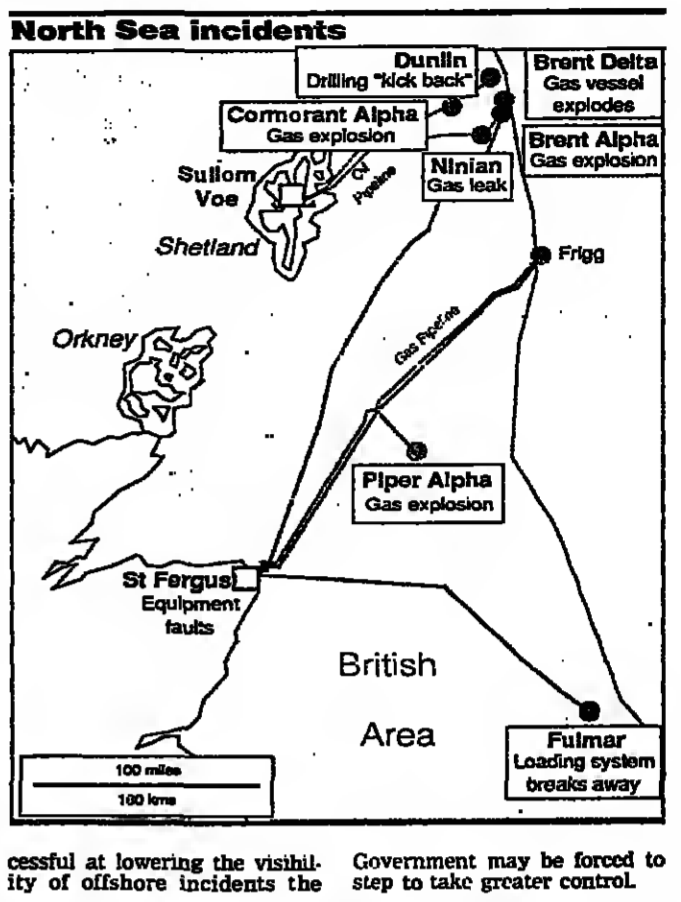
However, some managers in the oil companies admit that the tough economic atmosphere in the offshore industry may have affected safety procedures as an unintended by-product. Sub-contractors, who perform much of the work on offshore platforms, have

struggled to stay in business since the oil price collapse of 1986 by under-bidding each other on jobs, and there is no bonus in the oil business for completing a job behind schedule and over budget.

There is reason to believe that strict attitudes about safety at top level management are not making their way all the way down the hierarchy in every case and that the temptation by operations managers to take short cuts could be irresistible. Mr Peter Everett, Shell UK managing director for exploration and production, said yesterday the company believed its string of troubles was caused almost entirely by failure to follow procedures, for which management was responsible.

There have been bitter complaints in the past year about low wages paid to contract workers doing roughly the same work as company employees, and it is difficult to believe that a low morale would not affect safety, which all experts agree depends critically on worker motivation and attitudes. Mr Everett said that this year Shell actually rejected some low contract bids in an effort to see that platform workers were paid a reasonable wage.

Some of the incidents have also shown that equipment has not performed as expected, for



Government may be forced to step to take greater control.

Government acts to open gas supply to competing groups

By Steven Butler

THE Government yesterday took steps to pare down British Gas's monopoly in the industrial gas market by targeting 10 per cent of gas from new fields for sale by means of other suppliers.

Mr Francis Maude, corporate affairs minister, said in a parliamentary answer that the Government accepted the aims of a recommendation by the Monopolies and Mergers Commission that new suppliers should be encouraged to compete with British Gas, the privatised utility.

The Government has modified the commission's proposal, however, that British Gas should not be allowed to contract for more than 90 per cent of the output of any new gas field.

The Government has instead introduced a more flexible system in which the 90 per cent ceiling is a target covering both gas produced on the UK continental shelf and imported gas.

Furthermore, the target applies not to the output of individual fields, but to sum of all gas coming from new fields.

This means that some fields may be allowed to sell all their output to British Gas, while other fields would have to use

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alternative supply arrangements for more than 10 per cent of output.

The oil industry is likely to welcome the modification of the MMC proposal. Fears had been expressed that a rigid system would prove costly and hard to implement.

The target will account for all gas contracted after May 31. However, Mr Maude cautioned that a small number of large deals involving a limited class of customers would not result in the early development of competition, and that the Government would carefully monitor new contracts to see that its goals were being furthered.

Arrangements are to be reviewed in 1991 to assess the size and diversity of gas users not dependent on British Gas.

If the progress towards creating a competitive gas market is insufficient, Mr Maude said he would resort to order-making powers under the Fair Trading Act.

The Director General of Fair Trading has also been invited to seek an undertaking from British Gas to help gas producers to make alternative supply arrangements, particularly by agreeing to carry sufficient gas as a common carrier.

Doctors reject plans for health reform

By Alan Pike, Social Affairs Correspondent

REPRESENTATIVES of Britain's 32,000 family doctors yesterday told their leaders to consider sanctions for use against the Government if Mr Kenneth Clarke, Health Secretary, tries to impose new contracts on general practitioners.

However, a special conference of the British Medical Association's general medical services committee drew back from threatening mass resignation from the National Health Service. There were warnings that this could be misunderstood by the public and exploited by the Government.

About 350 GPs' representatives at the London conference declared unanimous opposition to the reforms in Working for Patients, the Government's draft legislation on health care. The conference then went on to reject the Department of Health's new GPs' contract, saying its proposals were ill thought out, impractical, would limit patient choice and reduce standards of care.

The draft law and contract talks are separate but overlapping issues. Some of the objectives of the changes - notably a shift in the GPs' salary structure towards payment by results - are included in the contract talks.

Dr Richard Tiner, a doctor from Taunton, told the conference that the imposition of Mr Clarke's proposals would "so change general practice as I know it that I will be prepared to resign," and he said fellow GPs in south-west England shared this view.

However, other speakers warned that resignation threats would expose GPs to the charge of destroying the service that they were campaigning to defend. Opponents of resignation suggested alternatives, including continuing

2

If you hold fixed-interest National Savings Certificates which are more than five years old, they're probably earning interest at the General Extension Rate, which is now 5.01% pa tax-free. But this isn't a guaranteed rate - it can vary from time to time.

The fact is, this money could be working much harder for you.

By reinvesting your matured certificates in 34th Issue Certificates, you'll get the much higher rate of 7.5% pa. And it is guaranteed if you hold them for the full five years.

It's all tax-free.

The reinvestment limit is £10,000, on top of the usual £1,000 which anyone can put into 34th Issue.

This is obviously a very good opportunity to make the most of your matured certificates.

But there is an exciting new alternative which may suit you even better.

So read the second column now to make sure you don't miss out.

Now there are two ways to re-energise your old savings certificates.

A second highly attractive way to earn more than the tax-free 5.01% General Extension Rate from your matured certificates is to invest in Series A National Savings Capital Bonds.

There's no limit to how much you can invest, and by holding Capital Bonds for the full five years, your return will average out at 12% pa gross. This return, too, is guaranteed, whatever happens to other interest rates.

The interest on Capital Bonds is taxable annually. A basic rate taxpayer would get an average return over five years of 9% pa after tax. If you are in paid employment you will probably be able to settle your liability to income tax from your monthly salary through PAYE.

Non-taxpayers of course would keep the full 12%. (Remember, if you're a non-taxpayer, that local banks and building societies have to take tax off your interest, but National Savings takes nothing off.)

If you want to reinvest in 34th Issue, ask for the Savings Certificate Repayment/Reinvestment form (DNS 502MA) at your post office or bank. Fill in the form and apply for reinvestment. Then send it to the Savings Certificate Office, Durham, along with the certificates you wish to reinvest.

If you wish to buy Capital Bonds ask for the same form and apply for repayment. When you get your repayment, go to your post office and ask them for the prospectus and purchase form to buy Series A Capital Bonds. If you need more information call us on 0253 79 3090 during office hours. Don't miss out.

SAVINGS CERTIFICATES



NOTICE OF MEETING

Annual General Meeting
Notice is hereby given that the twenty-ninth annual general meeting of The RTZ Corporation PLC will be held at Grosvenor House (Ballroom Entrance), Park Lane, London W1 on Thursday 1 June 1989 at 2.30 pm for the following purposes:-

Special business
1. To consider, and if thought fit, pass the following resolution which will be proposed as a special resolution, namely that:-

(a) the directors be and are hereby

(b) empowered to allot and to make offers or agreements to allot equity securities pursuant to and during the period of the said authority as if Section 86(1) of the said Act did not apply to any such allotment.

For the purposes of this resolution:

(1) "rights issue" means an offer of securities open for acceptance for a period fixed by the directors to holders of ordinary shares on the register on a record date fixed by the directors in proportion to such holders' then holdings of such shares but subject to such exclusions and other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body; and

(2) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 bear the same meanings.

2. To consider, and if thought fit, pass the following resolution which will be proposed as a special resolution, namely that:-

with effect from the conclusion of the 1989 annual general meeting, the articles of association of the Company be amended by the deletion of the existing Article 87 and the substitution thereof of the following:-

"87 (A) No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by the articles of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

(B) If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 212 of the Act and in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a "direction notice") upon such member as follows:-

(1) a direction notice may direct that, in respect of the shares in relation to which the default occurred ("default shares"), the member shall not be entitled to vote at a General Meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by the articles of the Company; and

(2) where the default shares represent less than 0.25 per cent of the class of shares concerned, then the direction notice may also direct that:-

(a) in respect of the default shares, any dividends or other money which would otherwise be payable on or in respect of the shares to the member, and/or

(b) no transfer of any of the shares held by such member shall be registered unless:

(i) the member is not himself in default as regards supplying the information requested; and

(ii) the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate from the Company certifying that the Directors in the effect that after due careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares to be transferred.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

(C) Any direction notice shall cease to have effect in relation to any shares which are transferred by such member in accordance with an approved transfer.

(D) For the purposes of this Article:

(a) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said Section 212 which either (i) names such person as being so interested or (ii) fails to establish the identities of those interested in the shares and falls falling into account the said notification and any other relevant Section 212 notification); the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

(b) the prescribed period in respect of any particular member is 28 days from the date of service of the said notice under Section 212 except where the default shares represent at least 0.25 per cent of the class of shares concerned in which case such period shall be reduced to 14 days;

(c) a transfer of shares is an approved transfer if and only if:

(i) it is a transfer of shares to an officer or by or in pursuance of acceptance of a takeover offer for a company (as defined in Section 14 of the Company Securities (Insider Dealing) Act 1985); or

(ii) The Directors are satisfied that the transfer is made pursuant to a sale of the whole or part of the business of the company to which the shares to be transferred are attached and with other persons appearing to be interested in such shares; or

(iii) the transfer results from a sale made through a recognised investment exchange (as defined in the Financial Services Act 1986) or any stock exchange outside the United Kingdom on which the shares are listed;

(iv) the transfer is made in pursuance of a recognised investment exchange (as defined in the Financial Services Act 1986) or any stock exchange outside the United Kingdom on which the shares are listed;

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Treasury chief defends tight monetary regime

By Simon Holberton, Economics Staff

INTEREST rates will remain high to maintain downward pressure on inflation, Mr John Major, Chief Secretary to the Treasury, said yesterday. The defeat of inflation was the "central economic objective" of government policy and the Government was not prepared to take risks with it, he told a meeting in London of the American Chamber of Commerce.

Mr Major admitted that the current level of interest rates was causing short-term discomfort to some in the community but defended high rates by saying they were necessary if an "inflationary spiral" that would damage our economic competitiveness, our industrial and commercial growth and our individual prospects was to be avoided.

A day after the Government reported a £1.2bn current account deficit for March, the Chief Secretary said the deficit, which was the result of private sector decisions, would contract when the private sector adjusted to the Government's tight monetary regime.

He said this would not "happen overnight" but evidence that the Government's policies were working was accumulating gradually. House price rises and turnover had slowed and this in turn was feeding through to a slowing in consumer spending on household durables.

"Recent statistics on retail sales and M0 (money supply) confirm that consumer spending growth is slowing down in response to the tightening of monetary policy against a background of a Budget surplus," he said. Mr Major said the main reason for Britain's trade deficit was the surge last year in investment by companies. "The short-term impact on the balance of payments should be the precursor of long-term improvement in pro-

Cold nuclear fusion claims queried

By David Flahlock, Science Editor

COSMIC rays from space may have misled scientists claiming to have observed so-called cold nuclear fusion, says a US physicist who referred the first scientific papers on the phenomenon. Cold fusion has been claimed as an inexpensive way of harnessing nuclear energy, through a previously unknown nuclear reaction.

The scientists' claims rest on the detection of neutrons, although at levels very much lower than are customary in fusion reactions. Dr John Carpenter, of the Argonne National Laboratory near Chicago, writing in the British journal Nature, says claimants may be overlooking the fact that cosmic rays can cause neutron contamination of experiments.

Nature had planned to publish papers reporting two separate experiments in Utah claiming cold fusion, but the more highly publicised paper by Professor Martin Fleischmann, of Southampton University, and Dr Stanley Pons was withdrawn when referees called for further explanation of their work. The second paper, by Professor Steven Jones and seven col-

LONGINES advertisement featuring a watch image and text: 'The celebrated Longines Hour Angle navigational watch... LONGINES'.

UK NEWS

Study finds more coverage of Sky TV in Murdoch titles Newspaper standards 'needed on coverage of broadcasting'

By Raymond Snoddy

THE European Institute for the Media, the research body based at Manchester University, called yesterday on national newspaper owners with interests in satellite television to set and publish standards on the coverage of broadcasting developments to ensure impartiality regardless of cross-media ownership patterns.

The recommendation came among findings by the Institute that newspapers owned by News International, Mr Rupert Murdoch's UK news group, had given more coverage to Sky Television - a wholly owned News International subsidiary - than other newspapers.

The Murdoch titles, The Sun, The Times, Today, News of the World and the Sunday Times, had given generally favourable coverage to Sky, the study found, and did not give comparable attention to the comments, reactions or initiatives of satellite television rivals British Satellite Broadcasting.

The study, Multi-Media Concentration and the Free Flow of Information, was commissioned and paid for by BSB. It found that reports in the Daily Mail and to a lesser extent the Mail on Sunday tended to favour BSB.

Howden abandons wind power

Financial Times Reporter

LOSSES caused by a repair bill on faulty wind turbines at a wind farm in California have forced James Howden Group, the Glasgow-based engineering company, out of the fledgling wind power business.

Mr Alan MacLachlan, Howden group secretary, said that the decision was taken "on economic grounds." Howden had never shown a profit on its wind energy enterprise, he said.

In July 1987 Howden reported that the Californian wind farm repairs were largely to blame for the group's operating profit decline of £3.76m resulting in an overall group loss of £12.2m for the 1986-87 financial year.

The company will honour existing agreements, including construction and monitoring of a LMW machine at Richmond in Kent being built for the Central Electricity Generating Board with financial support from the European Commission.

It will not cut its labour force of 35-40 people engaged in the UK end of Howden's wind energy business.

The future of Howden's turbine manufacturing facilities in Glasgow and Southampton is uncertain. Mr MacLachlan said Howden is seeking a buyer and discussions have taken place with a number of potential purchasers, including Britain's other main wind turbine maker, the Wind Energy Group - a consortium of Taylor Woodrow and British Aerospace.

A similar question marks hangs over some of Howden's planned wind power projects recently granted funds by the EC, including a project for a machine to be built for the CEGB, the Eastern Electricity Board and the EC off the Norfolk coast - the world's first offshore wind turbine.

Discussions are taking place with the EC over the projects. Though nothing is completed, it seems likely that the £850,000 granted to Howden by the EC for wind demonstration projects earlier this year will have to be re-allocated.

Government refuses delay on Shorts bid

By Lynton McLain

THE GOVERNMENT has turned down a request from GEC and the Dutch Fokker aircraft company, to postpone submitting a joint bid to buy Short Brothers, the Belfast aerospace company which the Government is planned to privatise by the end of June this year.

The Government deadline for submission of bids is the end of this month. The only other candidate to buy Shorts is the Canadian aerospace company, Bombardier, which makes Canadair aircraft. The Marconi defence company of GEC is leading the GEC bid.

"We would have liked to postpone the bid, or explain why we cannot make an early decision on our plans." The company wanted to delay submission of its bid because it has been trying to resolve a problem of shortage of production capacity for its aircraft.

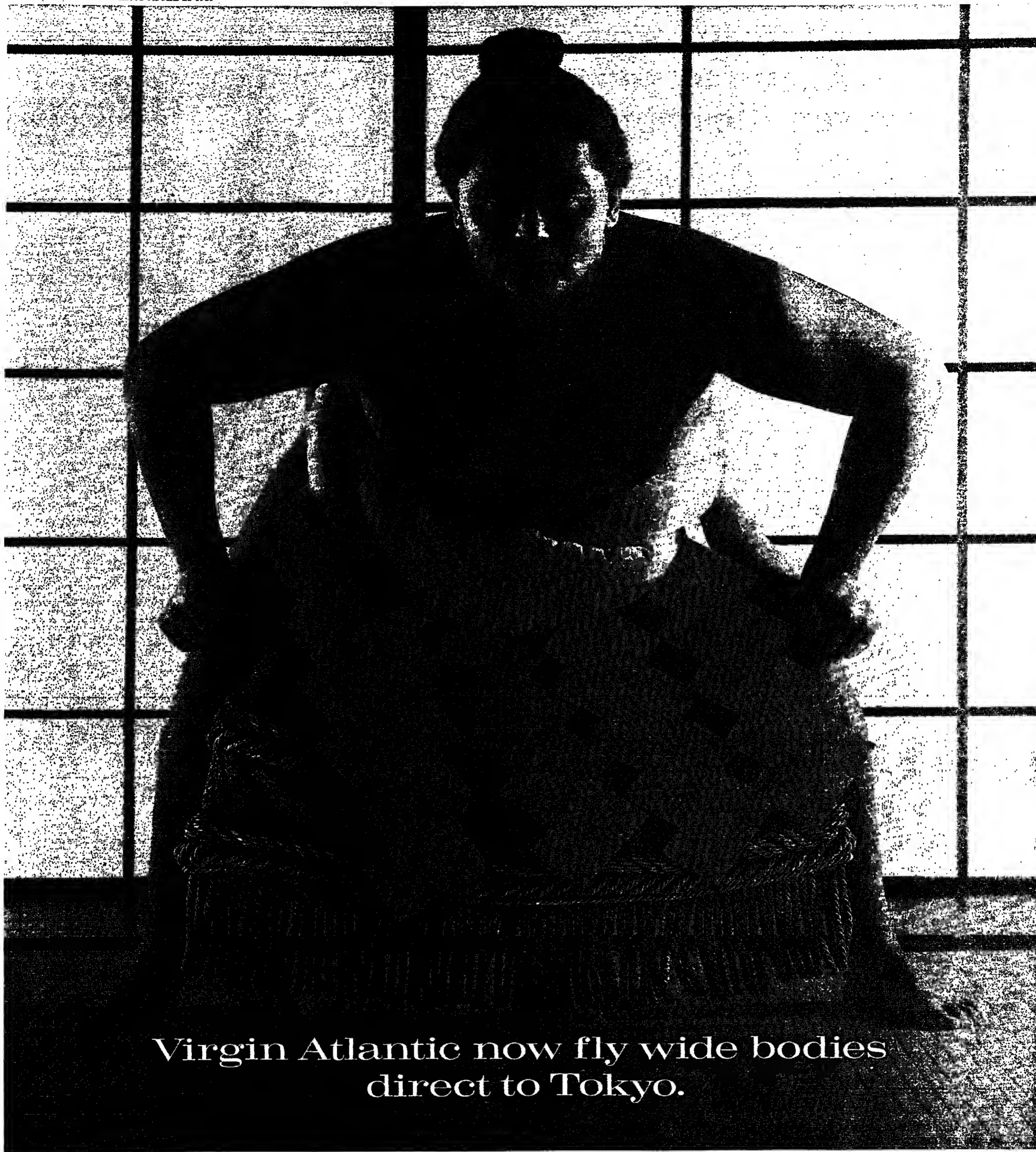
By 1991, it will be producing the 100-seat Fokker F100 twin-jet airliner at the rate of 46 aircraft a year, the maximum capacity of its factory at Schiphol near Amsterdam.

"But we need capacity to produce between 78 and 80 aircraft a year by 1992," Fokker said. The company's joint bid with GEC of Britain to buy Short Brothers was one of the options for Fokker to increase its production capacity.

Other options included expanding the Schiphol production capacity and/or opening a production line in the US, one of Fokker's most rapidly growing markets for the F100 airliner. Fokker said: "It is premature for us to make a decision on our proposed bid for Short Brothers, because we need another two months to examine the options for expanding our production capacity."

CORFO advertisement: 'CORPORACION DE FOMENTO DE LA PRODUCCION. The Chilean state industrial development corporation, is offering to national and foreign investors the sale of 89, 107, 728 shares representing 51% of outstanding stock of LanChile and has appointed The Chase Manhattan Bank, N.A. as their financial advisor.'

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atlantic

TECHNOLOGY

The day of the smiling, talking workstation approaches. Louise Kehoe reports



Welcome to your truly personal computer

"GOOD morning. Today is Friday April 28. What can I do for you . . . word processing, spreadsheet analysis, a database search, perhaps, or would you like to read the messages left while you were out?"

Before too long, turning on your personal computer (PC) could elicit a greeting such as this, spoken by the video image of a person pictured on the screen. The technology required to provide PCs with such attributes is already close to commercialisation.

By the mid-1990s, the flashing prompt signal and electronic beeps that most of us get when we switch on our PCs may seem just as old-fashioned as a black and white television set. Indeed, if US developers are to be believed, the smiling, talking computer will be part of our daily lives within the next decade.

"Tomorrow, people will be talking to, gesturing at and even arguing with these machines," predicted Scott McNeely, president of Sun Microsystems, as he unveiled the latest additions to Sun's computer workstation range.

Already, Sun's new Sparcstations can talk, albeit with a rather squeaky voice, play music and manipulate two and three dimensional graphics. With the addition of a video processing board, the high-end

workstations can also digitise and display colour full-motion video.

The price of the video board, \$12,900 (plus a workstation costing more than \$20,000), will limit its use to professionals. Sun expects it to find applications in, for example, computer-aided instruction from a video disk.

The cost of video processing is expected to be significantly reduced, however, by developments at Intel Corporation, the semiconductor manufacturer. Its microprocessors power most IBM-compatible PCs.

Intel is developing a set of chips that implement digital video interactive (DVI) technology, a method of compressing video signals so that they can be recorded on compact disk read-only memory (CD-ROM). The company is about to introduce a prototype for use by software developers and plans to launch its first "playback" circuit board, which can be plugged into a PC, early next year. Initially, the plug-in board will cost several thousand dollars, but Intel says it will be less than \$1,000 by 1992.

At that price, the potential of interactive video becomes enormous. Training disks will be an important application, says Rick Stauffer, Intel's marketing manager for DVI. He cites the example of a fast food

chain using the technology to train new employees to cook hamburgers.

Travel agents and other retailers could make use of interactive video systems to enable customers to, for example, take simulated tours of the places they plan to visit. A feature of DVI is that it enables the user to steer his or her own path through a video, viewing objects from different angles or zooming in on detail.

The realistic colours and clarity of DVI images could extend its use into design. For example, people might use the system to redesign their gardens or select home furnishings, viewing alternative designs on the screen.

It is in education, however, that the broadest application of multimedia processing is beginning to emerge. Apple Computer's Multimedia Laboratory is in the forefront of developing educational material that combines text, graphics and video to produce computerised learning tools. Working with existing technologies, rather than waiting for the advent of digital video processing, Apple has created several prototype teaching tools.

As well as creating new computer applications, however, DVI is expected to contribute to a fundamental change in the way people communicate with

computers. With the addition of video, voice recognition and digitised speech, the machine can take on a personality.

Today's legal wrangling over graphical user interfaces, the programs that put "icons" and "pull-down menus" on our screens, will no doubt seem rather arcane when the major issue of the day has become whom you want your computer to look and sound like.

Would you, for example, like a pretty girl to speak to you from the screen on your desk? Or is your preference for a handsome young hunk? Will companies standardise on carefully selected individuals to portray a "suitable" image?

Sceptics might well ask whether the babble of computer talk will not prove irritating in open plan offices and, indeed, whether people really want to sit face to face with an all-knowing, ever-present individual every working day. Clearly the concept of the "video user interface" opens a can of worms.

Futurists have long anticipated book-sized computers with advanced displays and communication capabilities. A stumbling block, however, has been the relatively poor quality of the liquid crystal displays (LCDs) used in portable computers.

A new generation of display

controller chips, introduced this month by Cirrus Logic, of California, goes a long way towards solving the problem.

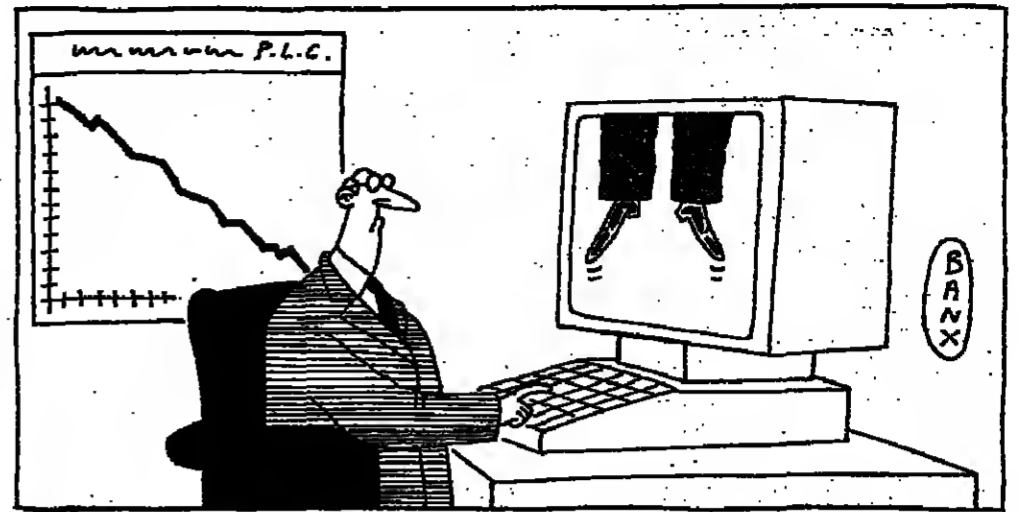
"Users want CRT (cathode ray tube) quality when they run graphics applications programs on a lap-top computer with a liquid crystal display," explains George Alexy, vice president of marketing.

To improve the quality of flat panel displays, while maintaining compatibility with desk-top computer standards, Cirrus has developed techniques to transform the colours of a CRT display into up to 22 shades of grey on a monochrome LCD.

The result is a much crisper display without flicker. The new chips also comply with the video graphics array (VGA) display standard, introduced by IBM in 1987 and used in the latest PC graphics software.

The goal is to make the quality of the lap-top computer screen image so good that users will be glad to put them on their desks for daily use, as is already the practice in many offices in Japan where space is at a premium.

According to Dataquest, laptops accounted for just 7 per cent of PC sales in the US last year, but will grow to 16 per cent by 1992. That would equate to US sales of \$4.1bn and world-wide sales of \$6.8bn.



Cirrus is convinced that once the display quality problem is solved, lap-tops will come to represent more than 25 per cent of the PC market.

LCDs have come a long way since their 1970s debut in calculators and digital watches. But the technology still has untapped potential, according to Talig Corporation of Sunnyvale, California.

The company, a subsidiary of Raychem, has pioneered a method of encapsulating liquid crystal material, which it hopes will open up a range of new applications. Instead of sealing liquid crystal between plates of glass, Talig paints an emulsion of liquid crystal on to a polyester sheet, a method similar to that used to make photographic film.

The Talig approach overcomes some of the limitations of current LCD technology, most importantly size. Because the thickness of the liquid crystal material in today's displays must be precisely controlled, the size of the displays

is limited by the ability to make perfectly flat glass panels. In practice, that limit is about 50 square inches.

By contrast, Talig's polyester-based displays can be made to any size. Other advantages are greater brightness and a wider viewing angle. With the addition of colour reflectors, Talig can make LCDs in virtually any colour.

Ultimately, this technology could be used to make large, lightweight computer displays or in flat panel televisions. It might also find a home in the dashboard of a car.

Technological breakthroughs do not always prove to be overnight commercial successes, however, and for Talig, breaking into big markets against established competitors has proved tough. So the company is focusing its attention on the two types of application in which it sees the most immediate potential.

The first is in windows that can be made translucent or opaque at the turn of a switch.

These "vision panels", as Talig calls them, are beginning to win attention from architects and office designers. The electronic window shades are expensive, about \$100 per sq ft, but they appeal to those who like to be in the forefront of technology.

Ford Motor company has also experimented with the on/off glass with a view to using it in car sunroofs and windows.

Talig recently licensed Nippon Sheet Glass of Japan to use its technology for window products to be sold in Japan and the Pacific region. The alliance represents an opportunity to address a broader, higher volume market than that which Talig could tackle alone.

Meanwhile, Talig is putting effort into liquid crystal panels for instruments and home appliances. By combining its liquid crystal film with graphic overlays and colour reflectors, the company produces displays that use a fraction of the power of standard light-emitting diode read-outs.

All the fun of the fair with some new robots

This month's Hannover Industry Fair demonstrated that the robotics field is far from stagnating. New companies, such as Krupp MAG, of West Germany, are entering the business and existing ones continue to experiment with ways of expanding their markets.

Specialist suppliers to the automotive industry, such as GMF Robotics, a joint venture between General Motors of the US and Fanuc of Japan, are looking for openings in other industries. And companies known for their welding robots, such as Kuka, Ger-

many's biggest robotics manufacturer, want to move into the assembly field.

Most enterprising, however, are companies finding new applications. Robots in computer rooms, for example, are the result of a partnership between the German arm of Stanbil (the Swiss company which recently acquired the Unimation robot activities from Westinghouse of the US) and Comstar, the Dortmund software house.

The robot loads data cassettes on to a disk drive unit - an extremely tedious job for a person but a crucial one if

the staff at such institutions as banks or insurance companies are to gain immediate access to stored data. The computer-controlled system removes the cassettes from a rotating "tower" magazine. Each cartridge is bar-coded and the robot is fitted with a camera so that it can check the identity of the cartridge and see that the disk drive is empty before loading it. Once the required data has been downloaded, the robot returns the cartridge to the magazine.

Stanbil and Comstar developed this last year and have already sold about 20 systems,

mainly in Germany and Scandinavia. This year they hope to install a further 30 or 40 systems, extending their market to car companies.

Another unusual task for a robot, the testing of public telephones, has been developed for the German Post Office's central exchange by the production and automation division of Messerschmitt-Bölkow-Blohm (MBB), better known in aerospace.

The Deutsche Bundespost (DBP) needed a system to determine the availability of telephones under different climatic conditions, from -25 to

75 deg C and from 0 to 100 per cent humidity.

As well as being able to operate under these conditions, the robot has to simulate use of the telephone by a person, including the entry of the phone number using a push-button "dial", the loading and unloading of phone cards, the introduction of coins and the use of the different buttons for cancelling a call and so on. In addition, it must work three shifts without interruption and report breakdowns and mistakes.

The test cell capable of meeting these specifications was

supplied by MBB Production and Automation Technology. Based on a six-axis Japanese robot from Mitsubishi, it has proved competent so far and MBB is installing two further cells at the DBP.

Finally from Hannover came news of a robotic system for washing aeroplanes. Niko-MAG, of Germany, demonstrated a prototype version of a system in which a robot, mounted on an automated guided vehicle, can be programmed to follow the aircraft's contours and wash it.

Anna Kochan

Adversaries choose their software weapons for Thatcher debate

WHEN Norman Tebbit, the UK politician, and television presenter John Jay put the Prime Minister's 10-year economic record on television trial, this Sunday and next, they will support their arguments using computer software designed for the boardroom not the courtroom, writes Della Bradshaw.

The Resolve analysis system, designed by management consultancy Metapaxis of Kingston upon Thames, is used by executives in such companies as British Telecom (where Tebbit is a director), Midland Bank and United Biscuits. The package, which runs on a personal

computer, presents economic data - from within and without the company - as graphs and charts.

Graphical material illustrating such topics as inflation and unemployment will be used by the two adversaries during the London Weekend Television assessment, entitled The Thatcher Years: Miracle or Mirage? The program also includes data from other European countries.

Companies using Resolve pay about \$25,000 a year for the software, which Metapaxis regularly updates with the latest economic trends.



STRONG PROGRESSION IN 1988 OF THE LEADING FRENCH COMMUNICATIONS AND LEISURE GROUP QUOTED ON THE PARIS STOCK EXCHANGE

CONSIDERABLE PROFIT GROWTH	1988 (in millions of FF)	1988/1987 in %
Consolidated revenues	15,796	+13%
Total pre tax income	1,154	+51%
Net income from operations	537	+44%
Net income group share	746	+35%
Dividend per share	11 FF (16.50 FF with tax credit)	+58%
Investments	1,381	+39%

HIGH RETURN ON EQUITY

Consolidated shareholder's equity excluding minority interests amounted to FF 2,151 million at year-end 1988, with a return on equity for the year of 34.7%.

Consolidated long-term debt amounted to FF 120 million equivalent to 5% of shareholder's equity including minority interests.

The net cash assets of fully consolidated companies at year-end 1988 amounted to FF 1,408 million as compared to FF 1,526 million in 1987.

PRESENCE ON BUOYANT MARKETS

Advertising and consultancy: In exclusive media representation, Havas Media Regions is the leading actor for advertising in the local daily press and

Office d'Annonces, ODA, for telephone directory advertising. Havas is top-ranked in outdoor advertising with Avenir, and in free sheets through Comareg. Eurocom, with the HDM and Belier/WCRS subsidiaries, is France's leading full service advertising and consultancy groups.

Tourism and leisure: Havas Tourism covers France's largest travel agency network. A plan has just been announced to merge its French distribution network with those of Wagons-Lits within a joint equally owned subsidiary which will be closely associated with Wagons-Lits Tourisme International.

Publishing: C.E.P Communication is Europe's number one business and trade publisher and, combined with Groupe de la Cité, ranks among the world's top ten publishing houses.

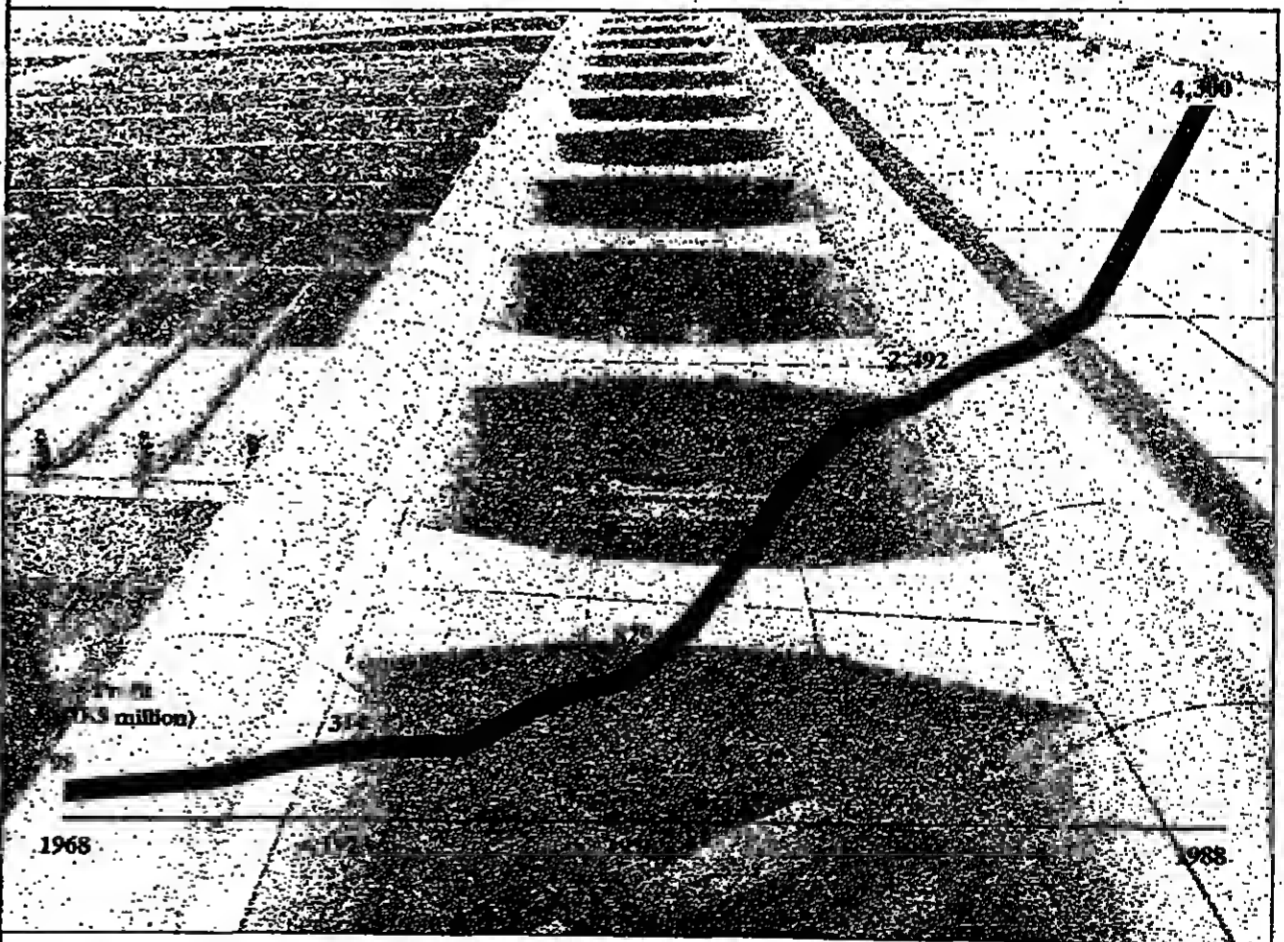
Audiovisual: Canal + is Europe's first pay television channel, while Information et Publicité is the leading exclusive representative for radio and television advertising in West Germany with RTL Plus and in Belgium with RTL-TV.

1989 OUTLOOK

Based on a review of the 1989 business plans of Group subsidiaries and first-quarter trends, the Group's share in income from current operations after taxes for 1989 should increase by some 15%.

Note: In order to receive the Annual Report (in French or in English), write to: Direction de la Communication HAVAS - 156, avenue Charles-de-Gaulle - 92200 NEUILLY-SUR-SEINE - FRANCE. Tel. (1) 47.47.50.00.

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 - earnings per share up 15.5%
 - total dividends up 16.7%
 - one-for-ten capitalisation issue proposed for 1989

Together with its subsidiaries and associates, The Hongkong and Shanghai Banking Corporation ranks among the

30 largest banking groups in the world. Listed on stock exchanges in Hong Kong and London, its shares are held by over 185,000 shareholders. The HongkongBank group has more than 1,300 offices in some 50 countries and a staff of over 52,000.

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FT LAW REPORTS

Dressed-up sale is a return of capital to shareholders

AVELING BARFORD LTD v PERION LTD AND OTHERS
Chancery Division: Mr Justice Hoffmann: April 17 1989

THE DISTRIBUTION of capital by a solvent company is *ultra vires* and incapable of ratification by shareholders if it has no distributable reserves; and where the company sells property at gross undervalue to a company controlled by its sole beneficial shareholder, the purchaser will be liable to account as constructive trustee for the profit on resale if it knew the original sale at arm's length was a dressed-up and unlawful distribution of capital to the shareholder.

Mr Justice Hoffmann so held when dismissing a motion by the defendants, Perion Ltd and others, to set aside a judgment ordering Perion to account as constructive trustee for the proceeds of sale of a property which it acquired from the plaintiff, Aveling Barford Ltd, now in liquidation.

HIS LORDSHIP said that Aveling Barford, a Grantham company, produced steamrollers. In late 1986 its entire issued share capital was owned or controlled by Singapore businessman, Dr Lee Kin Tat. It was in financial difficulties and had exhausted its credit facilities. For the purposes of the present motion it was taken as having been solvent.

In 1985 Aveling had decided to sell a property called "Arnoldfield", used as an

employees' sports and social centre. During 1986 it negotiated with the planning authority for permission to build houses on the land. Estate agents valued the property at \$250,000.

Perion was a Jersey company controlled by Dr Lee. On October 24 1986 at a directors' meeting it resolved to acquire Arnoldfield from Aveling Barford for £350,000 on a mortgage from Business Mortgages Trust (BMT). The mortgage was arranged by Mr Robin Chapman, solicitor to Aveling Barford and to Perion. On November 4 BMT sent a formal offer approving the loan subject to satisfactory valuation. The BMT valuation was £115m.

Dr Lee accepted the BMT offer on Perion's behalf. On January 26 1987 planning permission was formally granted. On February 3 Mr Chapman wrote to Aveling Barford's managing director saying that to complete the transaction he needed £105,708, which would be returned to Aveling Barford.

Payment was made the following day, but the conveyance was dated February 3. It was executed by Mr Chapman and by Dr Lee on Perion's behalf in consideration of £350,000. Perion provided no money for the purchase. The whole consideration came from BMT or Aveling Barford.

On July 17 a query by Aveling Barford, accountants to Mr Chapman, as to an alleged agreement that Perion was to pass back any profits it real-

ised on a resale, produced what purported to be a contract dated January 10 1987 between Aveling Barford and Perion for the sale of Arnoldfield. Clause 9 provided that in addition to the £350,000 purchase price Perion should pay a further £400,000 in the event that it sold the property for more than £300,000 within a year. On August 5 1987 Perion sold Arnoldfield for £1.5m.

Aveling Barford, now in liquidation, obtained judgment against Perion in default of defence ordering certain payments and an inquiry as to damages and compensation.

On the present motion Perion sought to set aside that judgment. The main question was whether it had shown it had a good arguable defence.

Mr Chapman was fully aware of the facts and was the person who acted on behalf of both Aveling Barford and Perion in carrying out the transaction. For the purpose of deciding whether Perion was entitled to retain the benefit of the sale, Mr Chapman's knowledge must be imputed to both Perion and Dr Lee.

But even without that knowledge the sale could not stand.

If the value of the land was \$250,000, as Dr Lee said he had believed, Perion could have sold it the next day for that sum and made an immediate profit of £300,000 at Aveling Barford's expense. Only if it was sold for more than £300,000 would clause 9 have come into operation.

If the February sale was a breach of duty and liable to be set aside at the time, Dr Lee or Mr Chapman on his behalf had no right to confirm it retrospectively as a sale at £750,000 when they knew the value to be over £1.5m. It was the directors' duty to set aside the February sale and obtain full value of the land for Aveling Barford. On any view, therefore, the sale was a breach of fiduciary duty by Dr Lee. Perion knew all the facts which made it a breach of duty and was therefore accountable as constructive trustee.

Mr Bannister for Perion submitted that whether or not the sale to Perion was a breach of fiduciary duty by Dr Lee, it could not be challenged because it was unanimously approved by shareholders - informally at the time of the sale, by virtue of Dr Lee's ownership or control of the entire issued share capital, and formally when the 1987 accounts were adopted at annual general meeting. The general rule was that any act which fell within the express or implied powers of a company conferred by its memorandum of association would be binding if approved or ratified by shareholders.

But that rule was subject to exceptions, one of which was that a company could not, without leave of the court or the adoption of a special procedure, return its capital to its shareholders.

It followed that a transaction which amounted to an unauthorised return of capital was *ultra vires*, and could not be validated by a shareholder ratification or approval.

Whether a transaction was a distribution to shareholders did not depend exclusively on what the parties chose to call it.

In *Ridge Securities [1964] 1 WLR 479* excessive interest payments on debentures were held to be *ultra vires* because they were dressed-up gifts of capital. In *re Halt Garages [1982] 3 All ER 1016* excessive remuneration to a director and shareholder who rendered no services to the company was held to be dressed-up return of capital and *ultra vires*. The test, said Mr Justice Oliver, was whether the transaction was a genuine exercise of the company's power.

In the present case, the sale to Perion was not a genuine exercise of the company's power under its memorandum to sell its assets. It was a sale at a gross undervalue for the purpose of enabling a profit to be realised by an entity controlled and put forward by its sole beneficial shareholder.

Aveling Barford had, at the time, no distributable reserves. The sale was therefore *ultra vires* and incapable of validation by the shareholder's approval or ratification. The fact that the distribution was to Perion rather than to Dr Lee or his other entities which held the shares in Aveling Barford was irrelevant.

Mr Bannister relied on

Rollad Steel Products [1986] Ch 246, 296 where Lord Justice Slade said that the directors' state of mind and knowledge was irrelevant in considering questions of corporate capacity. Mr Bannister said the *Halt Garages* test for genuineness admitted questions about directors' motives, state of mind and knowledge.

In *Rollad Steel*, however, Lord Justice Slade excepted "frauds on creditors" from his general principle.

Mr Bannister said that "frauds on creditors" meant transactions entered into when the company was insolvent. The phrase was not intended to have so narrow a meaning. The rule that capital might not be returned to shareholders was a rule for the protection of creditors. The evasion of that rule fell within what Lord Justice Slade had in mind when he spoke of a fraud on creditors.

The transaction was in law a sale. The false dressing-up was that of a sale at arm's length or at market value. The fact that it was known and intended to be a sale at an undervalue made it an unlawful distribution.

It followed that Perion had no arguable defence and the motion to set aside the judgment must be dismissed.

For Aveling Barford: Simon Mortimore (Cameron Markby)
For Perion: Edward Bannister (Payne Hicks Beach)

Rachel Davies
Barrister

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(the "Company"), Tokyo, Japan

U.S. \$100,000,000

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At the ordinary general meeting of shareholders of the Company held on 27th April, 1989, resolutions were adopted so as to amend certain provisions of the Articles of Incorporation of the Company. In consequence of such amendment, notice is hereby given as follows:

- Effective as from 1st October, 1989, the corporate name of the Company will change to Credit Saison Co., Ltd.
- The captioned Bonds and Warrants will remain listed on the Luxembourg Stock Exchange under the Company's previous corporate name but followed by the new corporate name. Each new notice to the holders of the Bonds and Warrants will contain both names.
- The Bonds and Warrants will not be stamped or exchanged for new Bonds and Warrants.
- The Company will change its fiscal year end from 31st January to 31st March, fully effective as from 1st April, 1990; provided, however, that the fiscal year commencing on 1st February, 1989 will end on 30th September, 1989, and the subsequent fiscal year commencing on 1st October, 1989 will end on 31st March, 1990, respectively. "Dividend Accrual Period" shall be deemed to have been amended accordingly.

Seibu Credit Co., Ltd.

By: The Sumitomo Trust and Banking Co., Ltd.

Dated: 28th April, 1989

Deutsche Stadtungs- und Landesrentenbank Bonn/Berlin **DSL Bank**

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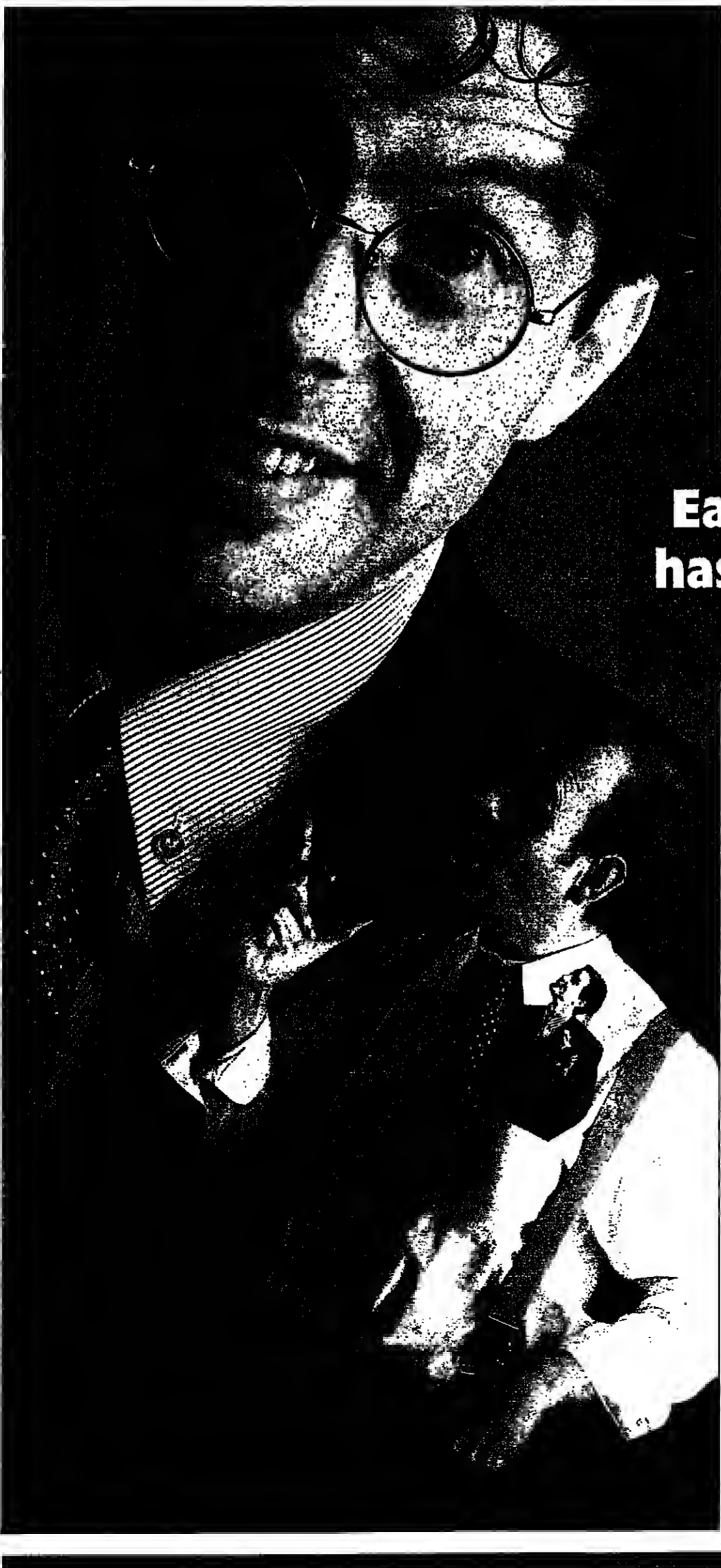
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MANAGEMENT

West German banking

A quest for co-operative union

Haig Simonian explains why DG Bank wants to restructure domestically and create a European network equipped to take on the more traditional competitors

How does a huge bank rooted in the West German co-operative system react to the new challenges in financial services thrown up by the European Community's planned free internal market after 1992? Does it simply follow the example of other large commercial banks quoted on the stock exchange, or does its special nature as a co-operative institution oblige it to go its own way?

These are the questions now facing Helmut Guthardt, chief executive of Deutsche Genossenschaftsbank (DG Bank), West Germany's sixth biggest bank, and his management team.

The bank, with total assets of DM 156bn in 1987, will have to think fast. There are already strong signs of greater competition from other European banks in the German market - putting a premium on a bank achieving size and breadth of coverage, especially to key corporate clients.

Guthardt's plans for the bank - and indirectly the German co-operative system in general - are still not complete. Nevertheless, thoroughgoing structural change is part of his answer. DG Bank has already evolved substantially itself, becoming more broadly-based in its activities.

But Guthardt believes Germany's complex three-tier co-operative banking system, in which DG Bank is the third layer, must be rationalised to raise its competitiveness and prepare for potentially closer links with other European co-operative banks. Progress has been made in resolving these problems, but only amid stiff opposition from some within the German co-operative system to Guthardt's ambitions to rationalise the middle layer while leaving the country's local co-operative banks (the first layer) intact.

Guthardt believes DG Bank has to follow a somewhat different path from its main rivals outside the co-operative movement, despite being of a size which might suggest it should adopt an approach similar to theirs.

Deutsche Bank has made big acquisitions in retail banking, Dresdner Bank has - so far - concentrated on investment banking and fund management, while Commerzbank has focused on strategic cross-holdings in European partners.

The co-operative movement plays a dominant role in German retail banking, with some 35,000 banks scattered across the country, owned by around 11m depositors. Their

wholesaling and clearing needs are co-ordinated at regional level by five middle-tier co-operative central banks, which in turn channel their business to DG Bank on the third tier.

In the past, DG Bank was little more than a receptacle for spare liquidity in the co-operative system, which it would then place for the other banks on the interbank market.

However, all that changed rapidly in the 1980s when, in response to major changes in domestic and European banking, DG Bank took on the functions of a full-scale universal bank. It now participates actively in the domestic equity and bond markets and competes hard with its established rivals outside the co-operative system in corporate finance and lending. Now very foreign expansion lagged, DG Bank now has operations in some 13 countries, including ownership of London &

Genossenschaftliche Zentralbank (GZB), based in Stuttgart. Both are vehemently opposed to Guthardt's plans. Last December, GZB chose to underline its independence by making its first bond issue in the Euro-markets under its own name.

"Discussions have been very polemic so far," Guthardt admits. It is not just that the two banks do not wish to go along with the merger, "they don't want the others to do so either." Nevertheless, he tries to give an air of quiet confidence. "They don't want to go that way, or they don't want to go that way yet."

Guthardt plans to put his proposals to the vote at a meeting of the entire co-operative banking movement before the end of June to try to win the two round. He is confident of success. "I know the advantages and disadvantages. If one weighs them up, one can only come to one possible vote for rational reasons," he says.

Europe occupies the second half of DG Bank's strategy at present. The motive is once again largely defensive. "Our task is to protect and preserve the competitive position of co-operative small banks in Europe," he argues. Before, that role was confined to national frontiers. "But if the size of the domestic market grows, so that function has to be extended to the European level."

The co-operative banks would appear to have a ready-made advantage over their commercial banking rivals. Rather than spending millions on acquisitions, Europe's co-operative banks, which include the likes of Crédit Agricole, France's biggest bank, and Rabobank of the Netherlands, are already laying the ground for working together more closely.

"We have a steady dialogue," says Guthardt. Quite what the talks aimed at improving their joint competitiveness entail remains unclear. Takeovers of one European co-operative bank by another have been ruled out. The co-operative banks will have to compete as a group after 1992, he emphasises.

One possibility is to establish some form of European co-operative bank, representing a new "third tier" in the co-operative banking movement at European level, he hints. Such an institution, built on each nation's co-operative retail banks and one central institution per country, would have unparalleled investment resources to compete with fast-growing rivals from the commercial banking sector,

Helmut Guthardt: polemic discussions



Helmut Guthardt: polemic discussions

DG Bank Group (Consolidated) DMm				
	1984	1985	1986	1987
Loans	64,541	75,050	77,772	83,651
Deposits	46,848	60,378	65,225	78,284
Bonds & notes issued*	31,167	38,442	39,550	42,854
Total assets	83,240	103,745	111,551	127,416

*Including provisions against

Continental Bankers, a London merchant bank.

The change from unknown co-operative clearer into a more entrepreneurial institution has taken many domestic financiers aback. For some, DG Bank's ambitions have been second to their very pronounced nervousness as much as for their competitive implications.

But having already established its credentials as a universal bank, with partial group operating profits - the standard German measure of bank profitability - up by over 5 per cent to DM 673m in 1987, where does DG Bank go from here with 1992 in mind? Guthardt feels the bank is obliged to follow parallel paths domestically and in Europe, on the assumption that the bank will continue to grow.

Last August, he issued a controversial discussion paper calling on the five regional co-operative central banks in Germany - the second tier of the country's co-operative system - to merge with DG Bank. (Changes at both the grass roots and the top level had been the subject of meetings of a special working group of co-operative bank chiefs over a period of about one year. The ad hoc

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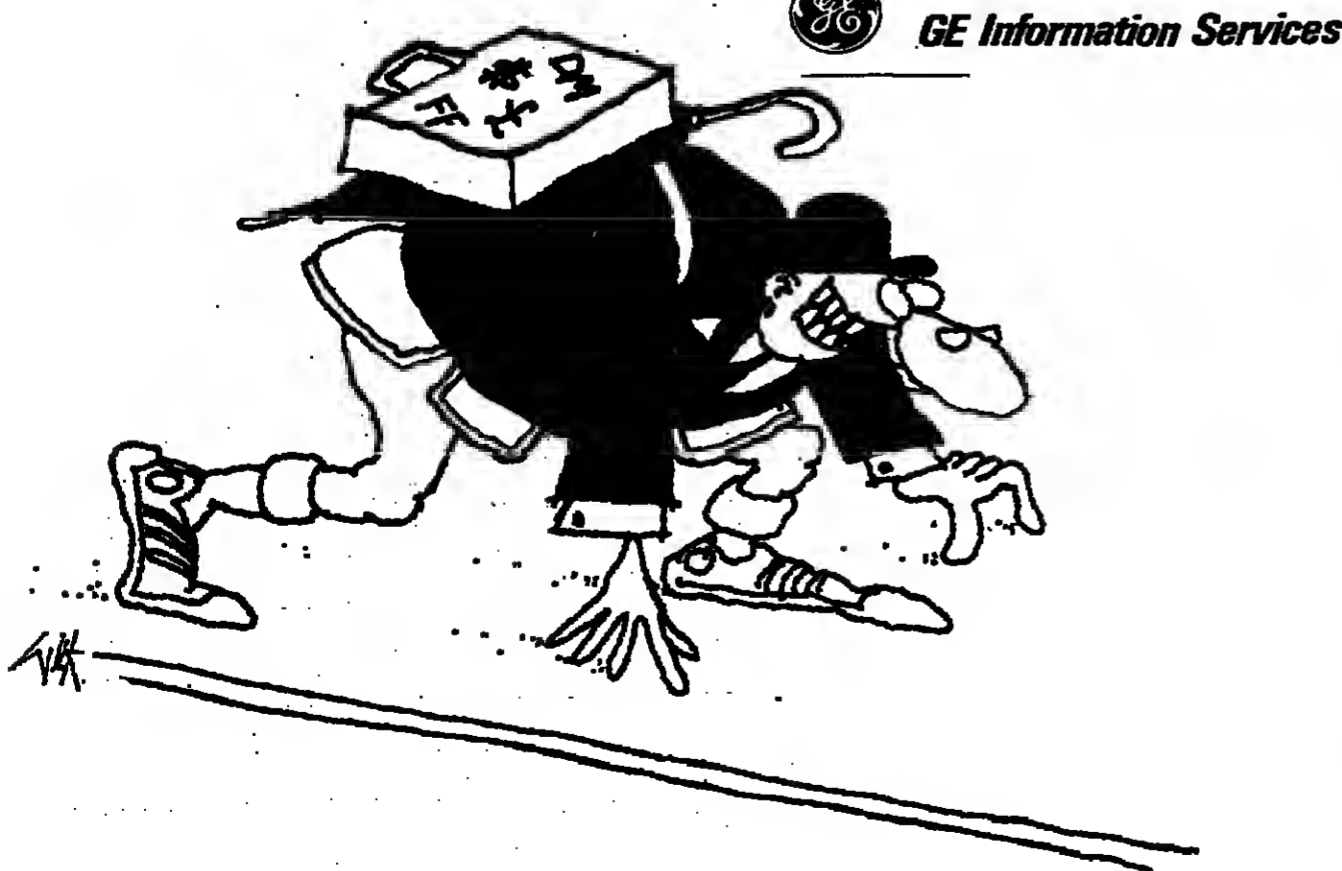
Die magische Jahreszahl 1992 als Start des europäischen Binnenmarktes wirkt schon runderherum. Auch die Banken - obnehin in der internationalen Verflechtung von Gütern und Finanzmärkten global operierend - bemühen sich auf eine noch breitere Präsenz im EG-Europa vor. Liberalisierung der Bankdienstleistungen, Ausbau des klassischen „Commercial Banking“, verstärkte Kooperation mit Partnerbanken, All Finanz - das sind die Stichworte. GE Information Services - Marktführer in unternehmensübergreifenden Informations-Systemen - ist darauf vorbereitet: z.B. mit dem umfassenden Angebot für EDI - Electronic Data Interchange. Mit EDI tauschen Sie Daten aus, von Computer zu Computer, von Schreibischt zu Schreibischt - „grenzenlose“ Information. Unterschiedliche Computer-Systeme und unterschiedliche Standards sind

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- Cars.
- Motor homes.
- Lorries commercial vehicles, industrial vehicles, special transportation vehicles and car washers.
- Coaches, buses and minibuses.
- Parts, components parts, spare parts, and accessories.
- Bicycles, mopeds, motorcycles.

- Garage, repair shop and service equipment.
- Lubricants.

Barcelona, May 1990

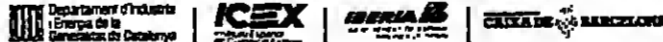


- All spheres connected with integrated transportation and the automobile industry.
- The spare parts, component parts and accessory industry.
- Equipment for garages, work shops, casting, forging, etc.
- Bicycles, mopeds, motorcycles.

- and everything connected with the manufacture and marketing of these.
- Lubricants and similar products connected with the automobile industry.
- Equipment for handling and haulage of material for assembly chains, conveyor belts and transportation bands.
- Land, sea and air transport, freight and carriage.

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ARTS



OPERA AND BALLET

London

Royal Opera, Covent Garden. La cenerentola by Rossini. One of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. Stuart Burrows takes the title role, and the cast also includes Carol Vaness, Anne Sofie von Otter and Anne Mason. Peter Hall's celebrated Glyndebourne production of Albert Herring is borrowed for a first London showing. Susan Lake is danced to Medvedev's choreography in the production by Anthony Dowell, which is conducted by Mark Friml.

Amsterdam

Muziektheater, Netherlands

Opera double bill of Ravel's L'Heure Espagnole and Falla's El Retablo de Maese Pedro. Kenneth Montgomery conducts the Netherlands Philharmonic, with Anne Howells, Hein Meens, Gilles Cabemalle and Thierry Dran.

Paris

Grand Palais des Champs Elysees. Bejart Ballet Lausanne, a world premiere of 1988... et nous in the framework of La Danse en Revolution (48787515). Opera. Tchaikovsky's Sleeping Beauty in Nureyev's choreography after Petipa alternating with performances of Busoni's Doktor Faust in a co-production between English National Opera and Deutsche Oper, Berlin (47428371).

Vienna

Staatsoper. In repertory: Moses and Amon conducted by Horst Stein, with Noriko Sasaki, Anna Gonda, Hans Christian, Peter Jellitsch. La Forza del Destino conducted by Garcia Navarero, with a cast including Eva Maria, Waltraud Winesauer, Juan Pons; Die Zauberflöte conducted by Nicholas Harnoncourt, with a cast including Luciano Serra, Jeanna Borowska, Gabriele Silma and Heinz Zednik; La Fille Mal Gardée conducted by Caspar Richter; Aida conducted by Garcia Navarero, with a cast including Anna Tomowa-Sintow, Grace Bumbry, Franco Bonisoli. (Tel: 51444, ext. 2560).

Milan

Teatro Alla Scala. Anita Magyari and Alessandro Molin in Roy-

monda with choreography by Juri Grigorovich, conducted by Michel Sason. Also Antonello Madau Duz's production of Verdi's Luisa Miller, conducted by Zoltan Pesko and designed by Maurizio Ballo. The cast is led by Katie Ricciardi, Fausta Burchielladze and Giorgio Zancanaro (80.91.26).

Rome

Teatro Dell'Opera. Beni Montresor's production of Rossini's Zelmira, set in the Napoleonic era, sets out to emphasise the grandeur of the music as opposed to the infinite complexities of the plot. (46.17.35).

Venice

Teatro la Fenice. Emil Tichakov conducting Purcell's Dido and Aeneas, and Stravinsky's Oedipus Rex (with text by Jean Cocteau). A fine cast which includes Lucia Valentini Terrani, tenor William Pell, basses Michele Pertusi and Lazzio Polgar and the young soprano Alessandra Ruffini (5210151).

Turin

Teatro Regio. Massenet's Manon with the delightful Fiammo Izzo d'Amico in the title role and Mario Bolognese alternating with Mauro Buffoli as the Chevalier Des Grieux (548.000).

Berlin

Opera. Performances now: Theater des Westens. Der Liebesfrank returns with Jane Giering, Gösta Winbergh, Manfred Roehrl and Ingvar Wixell. Così fan tutte in Götz Friedrich's production, conducted by Heinrich Hollreiser features Angela Denning, Carol Malona, Mariana Ciomara, Keith Lewis and Leotis Carlson.

Hamburg

Opera. Wolfgang Rihm's opera

Die Hamletmaschine, produced by John Dew is an important contribution to the development of modern opera. Oello stars Gabriela Benackova, Wladimir Altanow, Piero Cappuccilli and Hein Kruse. Fousis Vertammis has fine interpretations by Delores Ziegler, Keith Lewis, Franz Grundheber and Harald Stamm. Don Pasquale features Hellen Rwon, Giorgio Taddeo and Urban Malmborg. Maron Lescauz with Mara Zampieri and Hans Helm rounds off the week.

Cologne

Opera. Cologne honours the great producer Jean-Pierre Ponnelle, who died last year, by restaging the complete Mozart cycle of seven operas, all produced by him, this week's performances include Die Hochzeit des Figaro sung by Claudio Nicolai, Margarete Price, Teresa Ringholz and Anton Scharinger, and conducted by Sir John Pritchard. Also two guest appearances by the Düsseldorf Opera with Romeo und Julia.

Frankfurt

Opera. Ripollito is sung by Michel Shamir, Margit Neubauer, Pia Marie Nilsson and Juri Zinovenko. Ruzsika has fine interpretations by Eva Radova, Clary Bartha, Manfred Schenk, Allan Glassman and Kristine Ciesinski. Behind the China Dogs has wonderful William Forsythe choreography.

New York

Metropolitan Opera. The final week of the season is dominated by the complete cycle of Der Ring des Nibelungen conducted by James Levine. In this ambitious undertaking, Gwyneth Jones sings Brünnhilde, William Johns is Siegfried and James Morris is Wotan. Lincoln Center Opera House (363.6000).

THEATRE

London

Premiere Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by Cheek By Jowl director and designer Declan Donnellan and Nick Ormerod. The best national production in this venue since the Bill Bryson company. May 3-6 (925 2252). Bed (Cottesloe). Imaginative reverse of old codgers in pyjamas and a sleeping dog as big as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Cartwright, directed by Julia Baradley. April 29-May 2 (923 2252). Hamlet (Olivier). This picture-essque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. Judi Dench is a moted Gertrude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. May 2-6, 16-18, May 25-June 1 (928 2323). Single Spies (Queo's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film An Englishman Abroad (734 1168). M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomat hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transverse tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5396). A Walk in the Woods (Comedy). Alex Guinness and Edward Herrmann in feeble off-duty arms

negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (930 2578, cc 893 1436). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well-sung, less frail than expected (824 1317, cc 836 3428). The Vortex (Garrick). Maria Albeo and Rupert Everett in brilliant reversion by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. A must for yuppies (379 6707, cc 741 9269). Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, woman as robot, gangs on the streets and a touch of love (636 9287, cc 741 9269). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber opera derived from David Garnett's 1866 novella. Musically interesting and well directed by Trevor Nunn, a cast of future shock and strained marriage. A tale of obsession, devotion, computer music, woman as robot, gangs on the streets and a touch of love (636 9287, cc 741 9269).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (293 Lend Me a Tenor (Royale). A

springing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Phillip Bosco and Victor Garber (238 6200). Ramours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with a number of amusing scenes and lots of rugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit. Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200). Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a cast full of characters. It has nevertheless proved to be a durable Broadway hit (947 0633). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

American Juke Box (Ford's). Music from the 1950s and 1960s is performed by a strong ensemble directed and choreographed by Edward Love. Ends May 28. Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Chicago

Speed of Darkness (Goodman). The world premiere of Steve Tes-

ch's domestic drama involves the reunion of Vietnam veterans and the love it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 8920). Driving Miss Daisy (Briar Street). The relationship between a dowager, played by Dorothy Loudon, and her black chauffeur exposes the changes in the South (348 4000).

Tokyo

Ryuo (The Dragon King) Shim-bashi Embujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to defeat the dragon king, is less important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the Peiking Opera Company. Natsuyasu. Benisun Pit (548 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's The Idiot, directed by Akira Wajida and starring world-famous kabuki actor Tamassaburo Bando in his first ever male role as Prince Myshkin.

My Fair Lady. Koseinshin Kaban. Shinjuku (407 8185). Toning production (in English) of the classic musical, with James Harrison following in father's footsteps as Professor Higgins. The Cherry Orchard (in English). Gaiza Salon Theatre (535 0555). Peter Brook's widely acclaimed production of Anton Chekhov's play, directed by Jean-Claude Carrière's French translation in French and later in English in New York.

The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in Japanese) is a carbon copy of the London original.

MUSIC

London

London Symphony Orchestra. The Art of Itzhak Perlman, conducted by Michael Tilson-Gomez, with Itzhak Perlman (violin). Royal Festival Hall (Fri) (928 8900).

Academy of St Martin in the Fields, conducted by Sir Neville Martinson, with Ann Murray, Margaret Marshall, Allreda Hodgson, and Robert Tear, performing Berlioz. Royal Festival Hall (Sat) (928 8900).

Royal Philharmonic Orchestra, conducted by Vernon Handley, with Heinrich Schiff (cello), who will be playing Elgar, Prokofiev. Royal Festival Hall (Sun) (928 8900).

London Mozart Players, conducted by Edward Heath and Philip Ellis, Trio Zingara, with Annette Cole (piano), Elizabeth Layton (violin), Felix Schmidt (cello). Barbican Hall (Thurs) (638 8891).

City of London Sinfonia, conducted by Ian Watson, with Smoo Standage (violin), Bach Mozart, and Vivaldi. Barbican Hall (Wed) (638 8891).

Paris

Nouvel Orchestre de Chambre de Belgique conducted by Jan Caeyers. Mendelssohn, Bizet, Mozart. Salle Pleyel (Tue) (46638673).

Orchestre Symphonique Pro-Arte de Paris. Chostakov, Brahms, Puccini (Tue) Saint-Germain-des-Près Church (46638665).

Amsterdam

Royal Concertgebouw Orchestra, conducted by Riccardo Chailly, with Lynn Harrell (cello), Wagner, Shostakovich, Berlioz. (Fri). Netherlands Philharmonic Chamber Orchestra, with Richard Wolfe (viola), conducted by Antoni Ros-Marba. Cervele, Lindemith, Mozart. Beurs (Thur) (270466).

Vienna

Ensemble des 20 Jahrhunderts, conducted by Peter Burwik, Gal, Zemlinsky, Ullmann, Spinner. Austrian Radio and Television Centre (Fri).

Wiener Hofburg Orchester, conducted by Gert Hofbauer. Konzerthaus (Sat, Wed).

Concerts Musiciens, conducted by Nikolaus Harnoncourt. Handel, Bach, Pergolesi, Musikverein (Sun).

Wiener Mozart Philharmonie, conducted by Andreas Mitsek. Mozart, Johann Strauss, Falsta Ferstel. (Mon).

Wiener Mozart Orchester, in historical costume. Konzerthaus. (Wed).

Wiener Philharmoniker, conducted by Claudio Abbado. Schoenberg, Brahms, Musikverein (Thurs).

Schwetzingen Festival. Schlossplatz, 683 Schwetzingen. The Schwetzingen Rococo Festival presents a festival from April 29 to June 9 with a mixed programme of opera, chamber music and theatre. The Cologne-Opera is represented by two Russian operas in Michael Haug's productions. Berlin commemorates the 125th anniversary of Richard Strauss' birthday with Ariadne auf Naxos, produced by Eduard Fischer. Other highlights are lieder recitals by Lucia Popp, Rene Kollo, Eva Lind, Francisco Araza and Tom Krause. The concert features Stuttgart's Radio Orchestra, Virtuosi Saxoniae, conducted by Ludwig Günter, Württemberg Chamber Orchestra with conductor Jörg Faerber, cameraata Bern and Haydn's Die Schöpfung with Stuttgart's Radio Orchestra under Neville Martinson. Ballet performances and theatre activities round off an interesting programme (082024933).

Rome. Quartetto Accademica, with clarinetist Vincenzo Marozzi playing Mozart, Schumann and Brahms.

Auditorium in via Della Conciliazione (Fri).

Umberto Benedetti Michelangelo conducting Mozart, with Michele Campanella (piano) and Schubert. (Sat, Sun and Tues) Auditorium in via Della Conciliazione (6541044).

Das Pianistico Contingente playing Franz Schubert, Liszt, Milhaud and Grainger. (Wed) (983304) Teatro Olimpico.

New York

Oratorio Society of New York, conducted by Lyndon Woodside with Brenda Harris (soprano) and Bao Holt (bass). Ori.

N. Tcherepnin. A. Tcherepnin. Carnegie Hall (Tue) (247 7800).

New York Philharmonic conducted by Erich Leinsdorf with Philip Smith (trumpet), Sarah Bullen (harp), Turrin, Ginastera, Brahms. Avery Fisher Hall (Tue) (374 6770).

Vienna Chamber Ensemble with James Levine (piano) and Schubert. Beethoven. Carnegie Hall (Wed) (247 7800).

New York Philharmonic conducted by Yoel Levin with Horacio Gutierrez (piano), Paulus, Beethoven, Shostakovich. Carnegie Hall (Thur) (247 7800).

Washington

National Symphony Orchestra conducted by Tamas Vasary with Nancy Crutcher, Tummelhoff (bognipos), and conductor Jörg Faerber, cameraata Bern and Haydn's Die Schöpfung with Stuttgart's Radio Orchestra under Neville Martinson. Ballet performances and theatre activities round off an interesting programme (082024933).

Chicago

Montagnana Consort. Mozart, Czerny, Smetana. Orchestra Hall (Wed) (439 0012).

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Josephine Lito

ARTS

Hamlet

STRATFORD-UPON-AVON

We soon know the kind of Hamlet we are to see at the Royal Shakespeare Theatre in Stratford. A strip of Elsinore... The director, Ron Daniels, did a similar Hamlet at Stoke-on-Trent in 1970...

He spots in Ophelia's face when he berates her for her makeup. He is harsh with the Third Player when she reads his ideas on acting. From "To be or not to be" onwards he wears pyjamas until he comes back from sea; when Rosencrantz and Guildenstern first meet him, he is lying on the floor weeping...



Mark Rylance

Mark Rylance... would have been scared when he makes his useless prayer, too, and so he should be, for Hamlet has crept into his room and almost closed his fingers round his neck, though quietly enough to depart without any encounter.

B.A. Young

A taste for Islam

Denys Sutton reviews "A Jeweller's Eye" in Washington

One of the most endearing figures in fiction is Charles Swann, the aesthete and man of the world whose depiction by Proust incarnates the spirit of the Parisian amateur of the fin de siècle. This man of leisure saw life in terms of art, characteristically, he found a prototype for his mistress, Odette, in a painting by Botticelli...

Islamic cities and seen the Persian exhibition in Paris of 1893. This was a propitious period for the art buyer as it witnessed the gradual collapse of the Qajar and Ottoman dynasties. Islamic art, especially that of the book, became fashionable with several outstanding collectors such as Baron Henri de Rothschild...



"The Reclining Prince," attributed to Aga Mirak (c. 1530).

miniatures on connoisseurs such as Minaret Berenson: affinities may be perceived between the precious qualities of such illuminations and Italian gold ground pictures. It was one of the achievements of Berenson, a true Bostonian eclectic, to observe the relationships between the arts of different cultures.

The Doctor of Honour

DONMAR WAREHOUSE

The title of Calderón de la Barca's sensational 1635 thriller is not a reflection of the main character's social or academic status. Don Gutierre is a surgeon of his own honour, a psychopathic avenger of his wife's supposed adultery with the King's brother.

In an extraordinary climax, the innocent Doña Mencía is blind to death. Don Gutierre is vindicated by the King, and the grievously wronged Doña Leonor is consigned to married life with the man who ruined her. How much we owe Cheek By Jowl for presenting this British professional premiere...



Nigel Terry

much obsessed not only with the Spanish Golden Age notion of honour, but also with hegemony. The property value of relationships in the home and the state. "Do you own this house?" asks the Prince of Doña Mencía. "No, but its owner owns me," she replies.

Michael Coveney

Mark Morris's "Mythologies" in Brussels

Lord boos competing with cries of "Bravi" and "Bis." "Go home, Mark Morris" said Le Soir's front-page headline after the premiere of this choreographer's trilogy Mythologies at the Cirque Royal last week.

called music. The three pieces are Soap-Powders and Detergent, Strip Tease and Championship Wrestling. "What peculiar subjects for a choreographer," you think. Peculiar subjects for an essayist, for that matter...

tricky course between a serious dramatisation of TV ad material (Mr R. Michaels of Joliet, Illinois, deprived of her Era detergent for three weeks) and group dances that suggest the cleansing agent, the lather and the engine of the wash.

four dancers, like Bunraku puppets, and the slow-travelling falls, recolls, assaults and pounces have a cartoon's delicious violence - and a dreadful glamour also.

Alastair Macaulay

Acis and Galatea

WIGMORE HALL

To open this year's Stefan Zweig series of concerts the British Library chose one of the large number of Handel works for which it is guardian of the autograph score, the English masque Acis and Galatea.

The benefits can readily be guessed at. Experience of period performance style has prepared us for extra clarity of sound and that was doubly assured in this case with the Westminster Baroque Ensemble.

ate's first aria, and similar pleasures were to follow. It was perhaps a shame that Wednesday's performance did not then follow its mission in the alternative text to his second aria, where Handel set the music of the most blatant male chauvinism.

Demon had an unexpected facility in coloratura and Martyn Hill as Acis rose to a fine, strong "Love sounds the alarm". They were mostly brisk, the sprightly Presto for "Happy, happy we" a few notches up from Sutherland and Pears in their old recording, which is now quite a period piece in its own right.

Richard Fairman

ARTS GUIDE

EXHIBITIONS

London
The Royal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somewhat dry and daunting but is in fact a wonderful spread of riches, beautifully presented, tropics drawn from across the whole of Europe in the time of Sweden's abrupt emergence as a European power.

Brussels
Musées Royaux d'Art et d'Histoire. The Terror and Magic. Sculptures and paintings of late 18th century. Ends on May 14 (785 9516).

Cologne
Bilderrett. Rheinland der Kölner Messe, Messelände der Dert. The two organizers Johannes Gachung and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about contemporary art". Ends July 2.

New York
Whitney Museum. The 65th in the long series of Annuals and Biennales features a large group of 80 represented on three floors of galleries. Ends July 9.

Paris
Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tues. Last opening night Wed. Ends May 28 (42995410).

April 28-May 4

SALEROOM

Shaw and Kaye ham it up

A ten minute film recording the unlikely meeting between George Bernard Shaw and the comedian Danny Kaye at the writer's Ayot St Lawrence home in 1949 sold for £29,500 at Christie's South Kensington yesterday.

made the top price of \$66,000, but more interesting was the £23,100, at the bottom of the estimate, paid for an Elizabeth I tigerware jug, the pottery of German origin but the silver mounts English and possibly made by Henry Gillard in London in 1567. A similar jug from the same vendor went below forecast at £19,800.

Antony Thornicroft

POLITICS TODAY

Where this greenery is leading

By Joe Rogaly

The logic of Mrs Margaret Thatcher's proclamation on the "greenhouse effect" is that she should prepare to abandon Thatcherism.

There is no alternative. If Britain's Prime Minister is convinced by growing evidence that the survival of mankind is threatened by a constant outpouring of increasing volumes of carbon dioxide, she will have to change many Government policies. Most of the damage is done by burning coal and other fossil fuels. You cannot seriously reduce the volume of carbon dioxide pumped out by power stations, cars, factories, office buildings and houses by leaving it to the free market and the conscience of good citizens. You cannot rely on nuclear energy alone to make up the difference - even though, if the apocalypse is in truth the alternative, nuclear power stations may become less unpopular than they are today.

In short, you face a distinctly unpleasant prospect. You have to toll the frontiers of the state forward a little bit, to encompass intervention, regulation, tax disincentives, subsidies and possibly, heaven help us, lower growth.

This means, at best, the imposition of controls and, at worst, a reversal of the central economic assumption

The world's poor must either grow richer through the use of clean energy, or they must not grow rich

upon which Western democracy rests. Just where we are on the spectrum between "at best" and "at worst" depends largely on the degree of certainty that is conveyed by scientists on whether the danger really exists. If it does exist, what is its likely extent? Are we seriously looking at a 21st century which floods, wipe out coastal lowlands while excessive heat turns many of the world's food-growing areas into deserts?

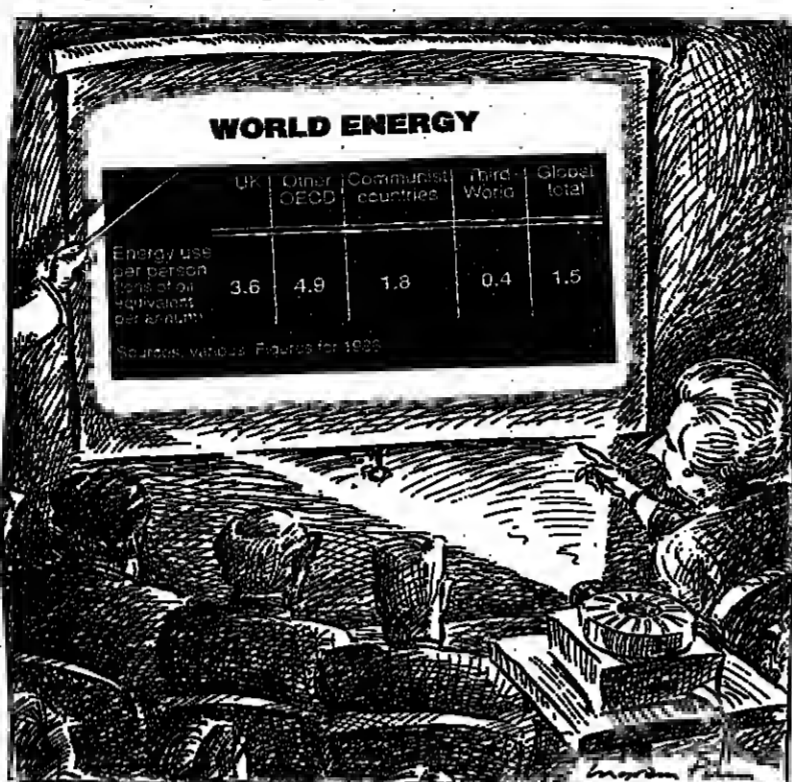
The answer to this last question, as conveyed to a seminar in Downing Street on Wednesday, is a tentative yes. The qualification "tentative" is of great importance. It makes the difference between taking some precautionary action over the next few years and pulling out all the stops at once. Thus the senior Cabinet ministers, civil servants, businessmen and others who attended the Prime Minister's seminar were able to leave in mid-afternoon with a sense of general agreement that while serious action must

be taken, the degree of moderation of Thatcherism that is necessary is, shall we say, slight. This, perhaps, is why the package promoted in briefings by No 10 Downing Street at the end of the day ("wait and see is not an option") comes across as a public relations stitch-up, with the pro-nuclear lobby receiving the benefit of the finest embroidery.

The Prime Minister herself appears to be convinced that there is a greenhouse effect, and that precautionary steps must be taken now. When you think of where she is coming from, this is considerably to her credit. It is fortunate for her that the degree of certainty about the key issues is still regarded by some British scientists, and many officials, as insufficient to justify anything so drastic as a slow-down in economic growth.

The first, scene-setting, speaker at her seminar was Professor Tom Wigley, director of the Climatic Research Unit at the University of East Anglia. He is an eminent scientist who knows that the concentration of greenhouse gases is increasing. Cool-headed, British-style computer projections suggest that this will lead to a rise in average global temperatures of between 1½ and 4½ degrees Centigrade by the middle of the next century - that, indeed, the process has already begun. It is prudent to assume that these are broadly correct. The consequence of such a warming could be the aforementioned killer floods and destruction of the world's breadbaskets. No scientist can demonstrate that these nightmares will come true, at least not with the rigour required in a research laboratory. There are several doubts. A colleague remembers hearing Prof Wigley remark that he hopes to live long enough to see if he is right; he is in his late 40s.

Yet like an increasing number of respected scientists, Prof Wigley insists that there is a genuine threat that must be tackled. Many are more pessimistic than the British scientific establishment tends to be. The US Environmental Protection Agency (EPA), in its draft report to Congress, postulates a global warming of 5½ degrees or more, with a consequential magnification in the size of anticipated catastrophes. "They are over the top," says one of the participants in the Downing Street seminar. Others think differently. The call by a recent meeting of scientists in Toronto for a cut in world emissions of CO by a fifth by the year 2000 and by half by the year 2050 is thought by officials at the German environment ministry to be insufficiently drastic. Bonn is arranging a December meeting of civil servants from the environment departments of EC member



states, plus others, at which the hope will be to agree more severe targets. That would set the scene for a ministerial meeting on energy-related emissions in Bergen in May 1990. Once again, the EC may seek to outpace the British Government, which will be under pressure to put its money where its mouth is.

The likely focus is also plain. Wednesday's seminar was shown a chart ascribing more than half the expected future global warming effect to CO, the next largest category of blame is those famous chlorofluorocarbons that were the subject of an earlier Thatcher spectacular - on the ozone layer - and whose eventual abolition can be predicted.

It is, therefore, CO upon which we must concentrate. This was the task of the second speaker at the seminar, Dr Ken Currie, Head of the Energy Technology Support Unit, based at Harwell. Dr Currie is not only a distinguished nuclear physicist; he is also an experienced marketing man. His colour slides, with lots of blobs and squares and options, surely dazzled the assembled ministers. What they basically said was that if you want to cut UK emissions of CO in half by the year 2020, then 40 per cent of the job might be done by promotion

of energy efficiency and about 23 per cent of it by using nuclear power. Next comes the use of alternative fossil fuels, like gas, at 15 per cent. Other possibilities, like reforestation, burning waste products, cleaning power station smoke, and using wind and wave power, are given much lower scores. These weightings are not unlike those suggested by the EPA, although it is overall more ambitious and makes bold proposals about things such as reducing motor car speed levels to 40 miles an hour and cutting down the amount of heat each home uses. The flaw in the Currie presentation is that it had to be based on two restrictive assumptions. The first is that existing political attitudes stay in place; that is, little or no regulation. The second is that the British economy will grow at an average 2.5 per cent a year. Thus his estimates of the political hurdles facing particular proposals (high for energy efficiency, higher for nuclear energy) are based on the perfectly proper premise that it is not for a scientist to meddle in these matters. As to growth - only an elected government could deliberately change gear downwards, and only if faced with a visible crisis.

All of the above is put in perspective by a slide showing the use of

energy per head of population in the rich countries as against the poor. On this measure, every Briton sends nine times as much CO into the atmosphere as does every citizen of an average third world country. Since there are 2.7bn people in the third world as against 57m in the UK any slight increase in their per capita energy use is likely to wipe out all the good done by the Downing Street prescriptions. As the Energy Secretary, Mr Cecil Parkinson, told the Prime Minister, China plans an increase in energy production over the next 30 years that exceeds the entire UK output 10 times over, or thereabouts. There is no way out of this: the world's poor must either grow richer through the use of clean energy, or they must not grow rich.

Either way, the trick can only be done through international debate, persuasion, and pressure. The EPA proposes, among other things, "carbon emission fees" of 20 per cent on coal, 11 per cent on oil and 7 per cent on natural gas, to discourage the use of fossil fuels and promote the use of substitutes. Mrs Thatcher's ambition is to lead the world into a grand debate on a planet-wide programme to reach agreed targets by agreed methods. This is not the place in which to assess the seriousness of such an intended view of Britain's importance: what is clear is that its standing, and that of its Prime Minister, will depend upon the degree to which the British Government shows a willingness to take action in the UK.

I am not talking about the kind of pointless unilateral gesture against which Mr Parkinson has warned. He is in no danger of making any gesture himself. Nothing he has heard this week will make him change the electricity privatisation bill now going through the Lords. He does accept the idea of energy efficiency, which saves costs, but the bill's purpose is to produce saleable companies whose over-riding motive will be to sell as much electricity as possible. No, I am talking about the British Government going into negotiations in a mood of preparedness to make matching sacrifices if the other parties to the debate will do so. The terms of electricity generation licences could be varied by a future Government in order to meet the UK side of any such bargain. But global deliberations are likely to be a long drawn-out process, especially as they will be conducted mainly through the cumbersome mechanism of United Nations agencies. Look forward to the next election and the odds are that when it comes to the greenhouse effect Mrs Thatcher will discover that she cannot have global leadership and Thatcherism too.

LOMBARD

Pornography under fire

By Michael Prowse

NOBODY HAS ever put the case against censorship better than the prosecuting counsel in the 1961 obscenity trial involving D. H. Lawrence's novel *Lady Chatterley's Lover*. Turning to the jury, he asked: "Is it a book that you would even wish your wife or your servants to read?"

The 1960s and 1970s witnessed a sustained revolt against this kind of paternalism. Many younger people argued that there should be no limits on the activities of consenting adults and no state censorship of any description. In some ways, liberal views about sexual behaviour and pornography have gained strength in the 1980s. A magazine such as *City Limits*, for example, routinely carries personal ads with strong sadomasochistic overtones. Such ads were once the preserve of specialist publications to a stimulus to the commission of sexual violence.

Recent research in several countries, however, suggests the Williams Committee may have underplayed the dangers. Mr Maurice Yaffe, a clinical psychologist at Guy's Hospital, points out that US researchers have found positive correlations between rape rates and sales of sex-oriented magazines. US studies also suggest that male subjects exposed to violent sexually explicit material perceive a rape victim as less injured and more responsible for her assault, view a rapist as less responsible for his actions, and act with increased aggression toward a female target than control subjects.

The worth of all such studies can be challenged. Correlations do not establish causation. Laboratory experiments do not tell us how people behave in the real world. Libertarians, however, must accept that the onus of proof is gradually being shifted. People who argue that sexually violent material can influence behaviour may still be in a minority. But they are no longer being laughed at. The Government is likely to come under increasing pressure to restrict the freedom of the pornographers. 10 years ago I would have been spouting John Stuart Mill. Today I am not sure which side of the fence to stand on.

LETTERS

'Pax Syriana' need not be the imperative

From Mr Andrew Neuman.

Sir, Your leading article, "Syria's role in Lebanon" (April 20) is so mean-spirited that one wonders for whose benefit it was published.

Reawakening our natural sympathy for the people caught in the current shelling in and around Beirut, you offer us "hard facts which governments need to keep in mind pondering their response to President Mitterand's appeal."

Your summary of these facts is selective, as mine would be though my choice of facts to propose would be different. The conclusions you draw from your own choice of facts, and the ideas you offer us, are inexcusably wrong-headed.

You may be right when you say that Mr Michel Aoun does not speak for all Lebanese; that the French President is mistaken in his particular intervention; that the other Middle Eastern countries are guilty of using Lebanon as the theatre for their proxy wars. But why do these considerations lead you to "the conclusion that some Western powers reached some time ago, that peace will be some form of *pax Syriana*?"

If Syria has shown absolutely no sign of reconsidering its military presence in the Lebanon, does that make its

presence legitimate? Will Syria's imposition of a settlement on its own terms be therefore just? Will the fact of forceful domination give the proposed Syrian settlement legitimacy?

If your pragmatism leads you to answer yes in each case, this raises the question of whether you believe that such a settlement can be maintained except by continued exercise of external force of arms. And if you believe that it can, are you happy to broadcast in your leader column, if the sovereignty and independence of the Lebanese people can be so entirely overlooked in your deliberations, how does your leading article advance their cause?

Andrew Neuman,
7 Marius Road, SW17.

From Mr Antoine Bassila.

Sir, Why should we criticise France, as your leading article "Syria's role in Lebanon" (April 20) clearly does, for having been the only non-Middle Eastern power which has tried and is still trying to help?

France should be quite proud of what she has done so far, as Mr Rocard, the French Prime Minister said on television (April 20). France was not driven by any domestic pressure, but by 67 years of friendship and special relations with Lebanon - since 1923, when France helped create the Lebanon as a separate state (from Syria) where Christians and Moslems could live in harmony together. Indeed, France was responsible for independent Lebanon's borders, and has been ever since - at least implicitly - the guarantor of Lebanon's integrity, sovereignty and independence. But in any case, who can criticise a humanitarian action, wherever it originates, in the face of such enormous destruction and bloodshed?

Major General Aoun is not seeking to topple President Assad or anyone else; he is merely speaking out for his country's independence - that is, from foreign occupation, something no other Lebanese

leader has been able (or dared) to do. Can we blame him for wanting to free his country from foreign occupation, whether by Syria or, for that matter, Israel?

You seem to forget that Syria has never formally recognised an independent Lebanon, and has persistently refused to exchange ambassadors with Lebanon or open a consulate in Beirut. The presence of Syrian troops in Lebanon soil can only prolong the present *de facto* partition of Lebanon; thus Assad will never be able to bring the factions together - contrary to what your article claims.

You qualify Assad's handling of Lebanon as "inept" and "at times" destructive. It would have sufficed to say that his policy in Lebanon has been expansionist.

Why does peace in Lebanon have to be a *pax syriana*? An overwhelming majority of the Lebanese themselves do not wish that.

No civilised nation can stand idly by, and watch the slow annihilation of an entire people and a country by force. I am certain you will agree.

Antoine Bassila,
84 Boulevard Malaherbes,
75008 Paris,
France

Welcome invader

From Mr Henry Bear.

Sir, Now that Mr Stewart Pearson (Letters, April 20) has let the cat out of the bag - the possible invasion of the UK by Minitel, the French electronic telephone directory system - I can confirm that the landing will probably be near Hastings.

Unlike the invasion of 1066, this one will be unopposed. Minitel will come as liberator,

not conqueror - and the landing will be followed by a drive up the A21 to establish a forward headquarters in the Tunbridge Wells area (where British Telecom has not issued an area directory since November 1987).

Henry Bear,
Clare Cottage,
The Village Green,
Breda, East Sussex

Judgment reserved

From Mr Michael Varcoe-Cocks.

Sir, On April 13 you reported that Lord Lough had told the House of Lords that "some months ago it had given instructions that all judges' names should be removed from its mailing list."

Now you report (April 21) the Law Lords' decision to summon Lord Lough's chief officers.

But, irrespective of their Lordships' eventual decision on the contempt issue, I wonder why any company would have judges on its mailing list. Any company that does - for whatever reason - would be well advised to review its policy.

Michael D. Varcoe-Cocks,
17a Nevers Mansions,
Warwick Road, SW5

Less than careful

From Ms Angela Phillips.

Sir, According to your report (April 12), the British Government intends to tighten up the registration and enforcement of standards for day nurseries, childminders and play groups in the UK.

So far, no such amendments have been drafted, and we are very concerned that the timetable, and therefore the opportunity for discussing the proposals, will be so short.

In this context, we are par-

ticularly worried about the implications of voluntary registration. We do not believe that there can be any improvement in either the regulation or the availability of child care facilities without substantial extra cash.

Significantly, extra money does not figure in the Government's five point plan.

Angela Phillips,
Child Care Now,
Westley House,
4 Wild Court WC2

Green grow the nitrates

From Mr Denis Hardwick.

Sir, The FT survey, "Industry and the Environment" (April 21) refers to the emotional, but charged debate which left the chemical industry confused and defensive.

The fertiliser industry finds itself defensive because of inaccurate reporting. Your reference to "over-zealous promotion" ignores the efforts that the industry has made, over the last 10 years, to reduce the autumn application of nitrogen

(not nitrate) fertiliser. This has already shown a benefit in lower nitrate in water, but a disbenefit to the industry, in lower sales.

However, nitrate applied correctly does not "reach water and food sources." Green vegetables have always contained nitrate - a natural, essential substance.

Denis Hardwick,
The Fertiliser Manufacturers Association,
90-93 Concorss Street, EC1



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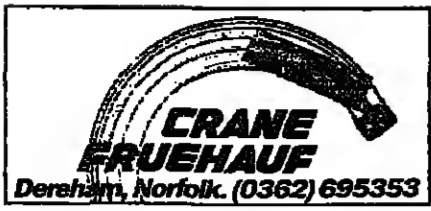
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FINANCIAL TIMES

Friday April 28 1989

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Syria backs Arab League call for ceasefire in Beirut

By Jihan el-Tahri in Tunis and Lara Martowe in Beirut

THE ARAB League yesterday made an important progress towards ending the recent heavy artillery duels between rival forces in Beirut when Syria welcomed a call for an immediate ceasefire from the League's Council of Ministers. The call for a ceasefire from noon local time today, issued by Arab Foreign Ministers meeting in emergency session at the League's headquarters, was accompanied by an agreement to send a team of Arab observers to monitor it. The agreement met with a

sceptical response in Christian East Beirut, where Gen Michel Aoun, the Christian army commander and one of the country's two rival Prime Ministers, has been waging a costly campaign to eject the 30,000 Syrian troops now on Lebanese soil. Gen Aoun's office said his three-man military cabinet would respond after being officially informed of the League's decision, but an aide implicitly accused other Arab states of making the agreement under Syrian pressure. But Mr Faronq al-Sharaa, the Syrian Foreign Minister, said in Tunis that his country welcomed the ceasefire agreement, as did Mr Selim al-Hoss, the Syrian-backed Moslem Prime Minister in West Beirut. "We support the decision issued by the Arab League Foreign Ministers," said Mr al-Hoss, "what we have learned from the contents of the foreign ministers' decision brings good news."

Heavy shelling between Christian forces under Gen Aoun on the one hand and Syrian and its Moslem militia allies on the other has left nearly 300 people dead since mid-March. To end the fighting, the Arab League - with the support of the five permanent members of the UN Security Council - is calling for the lifting of all transport blockades in Lebanon under the supervision of the observer force. This force, probably consisting of 12 senior officers and 300 junior officers, is to be dispatched for an initial three months at an estimated cost of \$3m.

ICI's alarming success

The first quarter figures from ICI are splendid news for the company, but perhaps a little ambiguous for the market overall. In one sense, they are consistent with a measured slowdown. Group volume for the quarter was up 4 per cent, compared with 6 per cent for last year as a whole, and demand in the UK was a little softer than in Continental Europe. The problem may rather be one of inflation. The combination of demand pressure and capacity shortage means that ICI's petrochemicals prices, for instance, are still more than keeping pace with the rise in the oil price, and margins continue to widen. The implications for wage inflation - ICI is now entering its annual pay round - are not encouraging.



Yesterday's stock market reaction was correspondingly grudging. The 3 per cent rise in the price, to 252p, was only half as much as the increase in most analysts' full year forecasts. The resulting multiple of 8.5 puts ICI's discount to the market around the middle of its range over the past year, at a little over 20 per cent. The group will have long since stopped asking itself what it has to do to please the market, but to the extent that investors think the 1987 crash heralded some kind of slump, they will not re-rate ICI either until the slump has started, or until it is clear that it is not coming after all. With ICI's second quarter still going strongly, the odds might seem on the latter. But for those determined to be cussed about the sector, there is always the spectre of industry overcapacity by 1990 as an excuse for doing nothing.

Redland shareholders must be among the very few in the market who look on the prospect of higher interest rates with a kind of perverse pleasure. With nearly half its profits coming from the UK, Redland obviously does not want to see the British economy mugged by the Chancellor any more than anyone else. But the company could do with a bit of recognition from the market that it is wise to do the other half of its business overseas. And until the UK construction market stops growing so much faster than almost everywhere else, investors will remain hard to convince of the superior virtues of Redland's cosmopolitan approach.

Withholding tax

West Germany's amateurish about-turn on withholding tax reduces almost to nothing the chance of Brussels imposing a single withholding tax across Europe. While Chancellor Kohl still talks like a good European on the subject, the line from his new finance minister - who yesterday warned that implementation of the Brussels scheme is a long way off - is rather different. The subject is that Germany would now like to join the dissenters, but as it cannot do that openly, it may instead ensure that the UK and Luxembourg are not cajoled into dropping their vetoes.

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New blow to UK output as oil plant is shut down

By Steven Butler in London

BRITISH oil production, already cut severely by a series of accidents in the North Sea, has been put into further jeopardy by the closure of the St Fergus gas processing plant on the eastern coast of Scotland near Peterhead. The plant, operated by Shell Exploration and Production, was closed late on Wednesday following the discovery of potentially serious equipment defects.

There has already been a cut in UK gas supplies of 7 per cent, or 16.4m cubic metres a day, as a result. Shell said yesterday that crude oil production had not yet been directly affected by the closure. However, British Petroleum's Magnus field is thought unlikely to be able to continue its current production of about 150,000 barrels a day unless gas processing is quickly restored at the St Fergus facility.

The Department of Energy has given temporary permission to BP to flare gas produced at the field, but this is thought unlikely to be allowed for more than a few days. Without permission to flare the gas, Magnus, which has no facilities to inject gas back into the reservoir, would be forced to reduce output by as much as 100,000 barrels a day. Shell yesterday was unable to give any further indication as to when the St Fergus plant would come back on stream. It said small cracks had been found in processing equipment used to move liquids from the gas before delivery to British Gas as dry methane. The facility had been receiving 21m cubic metres daily from 16 offshore platforms. Liquids from the plant were piped to the Mossburn ethylene plant in Scotland, which will be forced to shut in a few days if supplies are not resumed.

Canadian submarine plans to be scrapped in tough budget

By David Owen in Ottawa

CANADA is scrapping plans to purchase a C\$8bn (\$5.7bn) fleet of nuclear-powered submarines, ending a bitter contest between Britain and France to design the craft. The decision was announced late on Wednesday under extraordinary circumstances by Mr Michael Wilson, Finance Minister, as part of a tough budget package.

An embarrassed Mr Wilson was obliged to reveal details of his fifth budget at a hastily convened press conference - a day earlier than scheduled - after a summary of his proposals had been leaked to a local television network. The leak prompted immediate opposition calls for Mr Wilson's resignation, and for the entire budget to be abandoned. The demands were rejected by Mr Brian Mulroney, Canada's Prime Minister, who said it would be "totally inappropriate" for his Finance Minister to stand down.

The decision to cancel the submarines is a blow for Britain's VSEL Consortium and Direction des Constructions Navales, the French ship-builder, which were competing to provide Ottawa with the design and technology. Canada's plan to join the small club of nations operating nuclear submarines had always been controversial because of the expense and the

nuclear proliferation which it represented. The decision to cancel the project results from the need to cut spending in the face of mounting Government debt. Mr Wilson had been under pressure to show Ottawa's intention to control the federal deficit.

The planned budget contains a string of expenditure reduction and revenue enhancement measures, worth more than C\$5bn in the current fiscal year, which starts on April 6, and about a further C\$8bn in fiscal year 1990-91. The cumulative impact of the proposed tax increases and other revenue enhancement measures is put at C\$3.7bn in 1989-90 and C\$6.5bn in 1990-91. Over the same period, expenditure restraints will yield savings of C\$1.5bn and C\$2.1bn respectively.

Even allowing for the measures, both the federal budget deficit and the Government's accumulated debt are expected to continue to grow. Official forecasts show the deficit will rise to C\$3.5bn in 1989-90 from an estimated C\$2.5bn in the year just ended, before falling to C\$2.9bn in 1990-91. This will push the federal debt in 1990-91 to C\$280bn or 56.3 per cent of GDP, from C\$232bn in the year just ended. Principal details of the package were:

- The Government will end its financial support for unemployment insurance payments, from Jan 1 1990.
- A new tax of 0.17% per cent on corporate capital in excess of C\$10m will be introduced.
- Total income surtax will be raised by 2 percentage points from July 1.
- Sales tax rates on all taxable goods will be raised by between 1 and 1 1/4 percentage points.
- The Federal sales tax itself will be replaced in Jan 1991 by a broad-based 9 per cent sales tax.
- Taxes on tobacco and petrol will rise.
- The rate of growth of some transfer payments to provinces will be reduced.
- Fourteen military bases will be closed or scaled down.
- The sale of the Government's remaining 55 per cent stake in Air Canada will be made a priority.

Canadian markets responded with equanimity to the budget. At midday the Toronto Stock Exchange's benchmark TSE-300 index was up about 19 at 3,597, after the New York market had reached a new post-crash high. The Canadian dollar, having slipped to 83.4 US cents in early trading, rallied to 83.82, buoyed by strong central bank intervention. Canadians torpedo UK submarine group.

Brussels to rethink telecoms legislation

By William Dawkins in Luxembourg

THE European Commission is to reconsider wide-ranging plans to liberalise the provision of data telecommunications services in the European Community. Its rethink comes in response to near unanimous condemnation yesterday by a meeting of Community telecommunications ministers of EC Treaty proposals to unilaterally impose deregulation on the industry without going through the usual consultations with EC governments.

The 17-man Commission will decide "very quickly" whether to stick to its controversial tactics, allowed under the EC Treaty to impose unilateral public monopolies, or whether to start again with the normal procedures, said a senior official. Yesterday's meeting puts Brussels under severe pressure to back down. Yet full consultations with EC governments would create long delays because a substantial blocking alliance of six member states - led by France, Belgium, Spain and Italy - has doubts over the Brussels proposals.

Britain, which would have to make no national changes to comply with the services directive, West Germany, Denmark and the Netherlands, all support the Commission's liberalising intentions, unhappy as they are about its tactics. "There was virtual unanimity that the use of Article 90 would be unacceptable," said Mr Jose Barrionuevo, the Spanish minister chairing the session. The scheme was due to be adopted by the Commission in mid-March. The directive, proposed by the last Commission late last year, would oblige national telecommunications authorities to open to free competition the supply of data communications and value added services, such as data banks, electronic mail and financial transfers - the smallest but fastest growing parts of the industry.

Fed remarks spark US markets rally

By Janet Sueh in New York

US FINANCIAL markets rallied sharply yesterday on remarks by US Federal Reserve officials that the central bank had stopped pushing interest rates higher because of signs that the economy is decelerating. On the stock market, the Dow Jones Industrial Average closed at a new post-October 1987 crash high, quoted 2938 points higher at 2,418.99, outstripping the previous post-crash peak last Friday of 2,409.46. The Treasury bond market, which had been drifting lower all week, jumped, taking the yield on the benchmark Long Bond down to 6.89 per cent, its lowest level since early February. The comments were published in The New York Times

yesterday morning. The newspaper quoted Mr Robert Boyer, president of the Federal Reserve Bank of Dallas and a known inflation hawk, as saying that the Fed needed to observe and see how things are coming out. Mr Wayne Angell, Fed Governor, said that he did not think it was a good idea to make too many moves on interest rates in one direction without waiting to see the results. The sharp buying came despite the fact that financial markets already believed that Fed policy was giving evidence that the economy was slowing. A positive mood had developed recently in the markets because of hopes that the Fed might even start allowing interest rates to fall, but there

was no hint in the remarks by Fed officials that the central bank was about to ease monetary policy. Markets were, to a lesser extent, reacting to other factors which were interpreted in a positive light. US personal income and expenditure figures published yesterday provided some more evidence of weakening economic activity with spending rising only 0.2 per cent in March, about half of what had been expected. The dollar held steady and closed at Y132.15 and DML\$770, another positive factor for stocks and bonds. The US currency has been supported all year by the prospect of higher interest rates and might have been expected to weaken after yesterday's message from the Fed.

Peking students march

Continued from Page 1

A 20-year-old student explained how he was prepared to die for today's "motherland" as he called it, and by sum, with a sea of quiet faces lining the campus square, it seemed he was not alone in his commitment. With faculty flags fluttering in the breeze and patriotic slogans in the air, no one seemed to doubt that the coming hours would form part of Chinese history. These young men and women expected to take on the might of Peking's security forces, and even the bravest showed a touch of anxiety. At that stage they did not know that the capital would welcome them as heroes, a welcome which gave the event a touch of "people power". It is about 30km from Peking University to the symbolic Tiananmen Square, where Mao's portrait still overlooms the monument to Revolutionary Martyrs. By then, it looked as if China had found a new batch of heroes.

Bonn bitterly rejects accusations

Continued from Page 1

have shown understanding of the domestic political constraints on Germany's ruling coalition. On domestic policy Mr Kohl confirmed that the controversial withholding tax on most forms of savings and investments would be abolished on July 1 this year. He held out the possibility of reintroducing such a tax if agreement could be reached on European Community-wide harmonisation. He also confirmed that the planned lengthening of military service would be shelved until 1992, and announced a series of measures to strengthen environmental protection and reduce the number of the long-term unemployed.

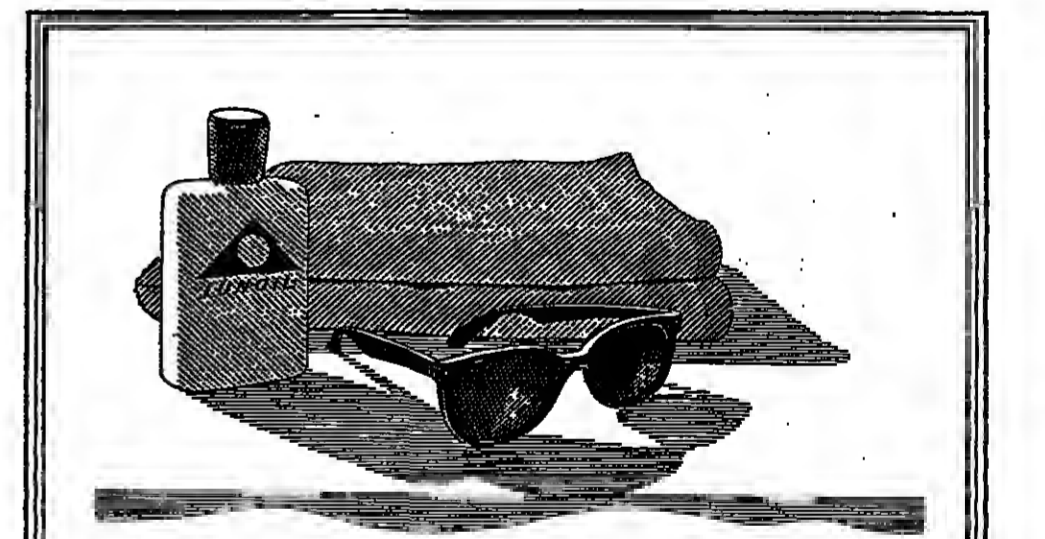
Speech for the little man

Continued from Page 1

from the West Berlin Greens to the proposed visit of President George Bush. But his speech had a great deal more about welfare than wealth creation, and was privately praised by many Social Democrats. Mr Kohl is aware that most of his recent reform programme has hurt lower income groups more than higher, and that higher income savers will also benefit most from the much-traded abolition of the Withholding Tax. Apart from his emphasis on defending German interests against Mrs Thatcher, and his claim that the EC Open Market helps rather than hinders German rearmament, there was little for the patriotic right. Younger voters groups that the CDU/CSU has been losing women and the under 30's were clearly targeted. It was confirmed that young men will not have their military service extended from 15 to 18 months, and women will benefit from both the family benefit changes and the stress on part-time job creation.

As you sit by the pool at the Rabat Hyatt Regency, here are a few things we'll throw in.

Suntan oils and eye shades will be handed to you as you stretch out on a recliner before the outdoor pool at our resort hotel in Rabat. Cold towels will be pressed on you to cool the brow. Or you can amble through the cool Andalusian gardens, or jog gently through a eucalyptus forest. We call it The Hyatt Touch. In Montreux, on the shores of Lake Geneva, we've installed an indoor lap pool and sauna. In Casablanca, a fully-equipped gym with sauna and hammam. Nice touch.



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WORLD WEATHER table with columns for location, temperature, and weather conditions.

Mr Hans-Jochen Vogel, leader of the opposition Social Democrats, derided the new domestic programme as a "panic reaction" but was far less critical of Mr Kohl in the security field. The new domestic programme was generally well received.

INTERNATIONAL COMPANIES AND FINANCE

Eastern Air strike bolsters airlines

By Roderick Oram in New York

UAL, Delta Air Lines and USAir, three leading US carriers, have reported sharply better performances with strong growth in traffic supplemented by extra passengers picked up from strike-bound Eastern Air Lines.

Mr Stephen Wolf, chairman, said the results showed that UAL was developing an earnings record which would meet the capital needs for replacing and expanding United Airlines' fleet of 408 aircraft.

The year-earlier takeover of Pacific Southwest Airlines and greater scheduling efficiency. Net profits were \$15.8m or 35 cents a share compared with a loss of \$18.8m or 43 cents a year earlier.

Mr Timothy Hartman, vice chairman of NCNB Texas, said: "It is safe to say that we plan to submit a bid to acquire MBank."

NCNB sets sights on failed MCorp

By Anatole Kalatsky in New York

NCNB, THE rapidly growing North Carolina-based bank group which was rebuffed earlier this week in its attempt to acquire Citizens & Southern, said it would probably submit a bid to take over MCorp, the recently-failed Dallas bank holding company.

Prime and Control Data start year on weak note

By Karen Zagor in New York

PRIME Computer, the target of a hostile takeover bid, and Control Data, which recently announced its intention to quit the supercomputer business, reported weak first-quarter results yesterday.

Control Data, which last week said it would quit the supercomputer business it pioneered more than 30 years ago, reported net income of \$3.8m or 8 cents a share for the quarter ended March 31, from \$7.7m or 15 cents.

Intel will reduce output from its plant in Chandler, Arizona, placing the plant on a five-day work week instead of a seven-day shift system. The plant produces microprocessors and other logic circuits for the telecommunications, automotive and military markets.

Loral sells two units for \$455m

LORAL, the US electronic armaments group, has accepted a sweetened bid of \$425m cash plus \$30m of debt for two of its units from a group led by Mr Bernard Schwartz, the chairman, AP-DJ reports from New York.

Flat opening quarter at Xerox

By Karen Zagor

XEROX, the diversified producer of copying and duplicating machines which has been the subject of takeover speculation on Wall Street this week, yesterday reported marginally higher first-quarter earnings.

Shares in Xerox were up 5% at \$88 1/2 in mid-day trading on the New York Stock Exchange. On Tuesday the stock jumped 3% to \$91 1/2 in heavy trading amid speculation that Hanson, the UK conglomerate, was eyeing Xerox as a potential takeover target.

Intel recently reported first-quarter revenues of \$715m, up 12 per cent from \$635m. Net income for the quarter was \$97m, up from \$94m.

Intel plans cost-cutting measures

By Louise Kahoe

INTEL, the US semiconductor manufacturer, announced cost-cutting measures, including reducing the output of one of its key production facilities and the elimination of up to 600 factory jobs.

Light metals side leads Norsk Hydro advance

By Karen Fossil in Oslo

NORSK HYDRO, Norway's largest publicly quoted company, yesterday posted a 36 per cent increase in first-quarter net income to Nkr1,250m (\$168.5m) from Nkr920m last year, helped by strong performance in its oil and gas, agriculture and light metals divisions.

Alcan forecasts strong demand for aluminium

By Robert Gibbons in Montreal

ALCAN Aluminium has forecast continuing tight supply of world aluminium through 1989 because of strong demand and rock-bottom inventories.

Singleton hands over Teledyne reins

By Roderick Oram

MR Henry Singleton, one of the last of the old-style US conglomerate builders, has retired from day-to-day management of Teledyne, the diverse industrial group he founded in 1969.

Mr Singleton said he would retain his 13.2 per cent stake in the company and remain involved in strategic decisions.

Teledyne's interests span aerospace, electronics, consumer appliances and consumer finance. It reported net profits of \$391.8m or \$34.03 a share on sales of \$4.6bn last year, up from \$370.5 or \$31.68 on \$3.22bn a year earlier.

SALE OF 1,000,000 SHARES OF NORA EIENDOM A.S. Nora Industrier A.S. has decided to offer for sale 1,000,000 shares of Nora Eiendom A.S. In this connection reference is made to information contained in the prospectus prepared for the ongoing public offering in Nora Eiendom A.S. In addition a separate prospectus will be prepared and distributed to brokers and interested investors.

Surge at roller bearings division helps boost SKF

By Robert Taylor in Stockholm

SKF, the world leader in roller bearings, has reported a rise of 123 per cent in pre-tax profits to SKr590m (\$92.6m) for the first quarter of 1989.

Total-CFP 12% ahead

By George Graham Paris

TOTAL-CFP, the French state-controlled oil company, reported net profits last year of FF1,470m (\$221.5m), excluding minorities, up 12 per cent from 1987.

Mitsui Finance Asia Limited

Mitsui Finance Asia Limited (Incorporated in the Cayman Islands) US\$150,000,000 Guaranteed Floating Rate Notes 1997

U.S. \$115,000,000 Eaters Finance Limited

Eaters Finance Limited Floating Rate Notes due 1992 For the initial interest period 22th April, 1989 to 31st October, 1989 the Notes will carry an interest rate of 10.4875% per annum.

U.S. \$50,000,000 Banco Latino Americano de Exportaciones, S.A.

Banco Latino Americano de Exportaciones, S.A. Floating Rate Notes due 1990 In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from April 28, 1989 to October 31, 1989 the Notes will carry an interest rate of 11 1/4% per annum.

U.S. \$100,000,000 Allied Irish Banks Plc

Allied Irish Banks Plc Subordinated Floating Rate Notes Perpetual Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from April 28, 1989 to October 31, 1989 the Notes will carry an interest rate of 10 3/4% per annum.

INTERNATIONAL COMPANIES AND FINANCE

Chemicals side helps boost ENI profits 86%

By John Wyles in Rome

STRONG recovery in its chemicals business helped ENI, the Italian state-owned energy and chemicals group, to raise net profits last year by 86 per cent to L1,185bn (\$826m).

The performance was much the best since Professor Franco Reviglio took over the task of restructuring the then loss-making group in 1983. After a 6 per cent fall in lira terms in 1987, revenues improved by 4.3 per cent to L33,100bn. This puts sales back close to their 1986 level.

A confident Professor Reviglio forecast yesterday another strong year in 1989 with an anticipated net profit of L1,600bn. Since his term as ENI president closes at the end of October, he was at pains to point out that by then the group will have accumulated more than L5,000bn in profits since it returned to the black in 1985, investing in the process more than L28,000bn.

The energy divisions contributed around 60 per cent of last year's profits, chemicals 30 per cent while 10 per cent came from mechanical engineering, services and textiles.

The performance of the non-energy sectors more than compensated for a slight fall in profits from oil and gas production, refining and distribution. Energy sales fell by L652bn, but chemicals, sales rose by L1,206bn, engineering and services by L287bn and metals by L512bn.

Amortisation costs fell slightly to L3,654bn.

SMH to step up dividend

By Haig Simonian in Frankfurt

NET PROFITS at Linotype, the West German printing electronics group, rose 27 per cent to DM52.8m (\$28.2m) last year, slightly ahead of forecasts.

The group, which was floated in October 1987, is increasing its dividend by DM2 to DM13 a share.

Group sales rose by 18.7 per cent to DM610.5m last year, with increases of 16 per cent in the US, 20 per cent in the UK and 38 per cent in Canada.

Announcing the results, Mr Wolfgang Kummer, Linotype's chief executive, said that order levels in the first quarter of this year had risen 15 per cent to 20 per cent, with strong demand for products such as the new Linotronic 200 (L200) laser-image setter introduced in September.

Mr Kummer declined to give sales and profits figures for the first three months of this year. However, both sales and profit had shown "double-digit" percentage increases, and the signs were that 1989 "should take a very satisfactory course," he said.

Orders for the L200 had reached around 1,500 units. New products in the pipeline include a new line of faster image processors, which link personal computers with the group's laser-image setters.

Akzo raises income and sales in first quarter

By Our Financial Staff

AKZO, the Dutch chemicals and fibres group, reports a 17 per cent increase in net profits to Fl 227.3m (\$108m) for the first quarter of 1989 compared with the same period last year.

Sales rose by 13 per cent to Fl 4.5bn as the buoyant trading conditions prevailing last year washed over into 1989. Chemicals were again an especially good performer, Akzo said yesterday.

The strong demand allowed the company to increase a broad range of selling prices during the quarter. On average

prices rose by 6 per cent. Adjusted for price changes, currency factors and acquisitions, turnover for the quarter was just 1 per cent higher, Akzo said.

In chemicals, sales advanced 11.6 per cent to Fl 1.64bn while operating profits in the division rose by 23 per cent to Fl 207m. The performance was mostly underpinned by the salt and basic chemicals business.

Man-made fibres also continued to move well, lifting sales by 11 per cent to Fl 1.31bn and pushing earnings ahead by 9 per cent to Fl 72m. Two years

ago, man-made fibres were in the red.

Pharmaceuticals showed stability, Akzo said. Sales of health care and related products rose by 8.4 per cent to Fl 632m and earnings by 6 per cent to Fl 87m. The coatings operations, for which Akzo has been actively acquiring new business lines, boosted sales to Fl 785m and pushed up earnings by 20 per cent to Fl 42m.

For 1988 as a whole Akzo turned in net earnings of Fl 840m on total turnover of Fl 16.6bn. It paid a Fl 7.50 a share dividend.

Buoyant Sasea proposes rights

By William Dufforce in Geneva

SASEA, the Geneva-based investment banking group led by Mr Florio Fiorini, reports a 68 per cent increase in net consolidated earnings to SFr20.6m (\$12.4m) in 1988 and expects to achieve a further rise to SFr36m this year.

The group, which operates a constantly changing portfolio of participations in European banking, insurance and property companies, has also disclosed details of a one-for-one rights issue which will double the share capital of Sasea Holding from SFr201m to SFr402m.

The motivation for the capital increase lies in the 1988 consolidated balance sheet, which reveals a 56 per cent rise in total liabilities to SFr1,555m against an increase of only 14.7 per cent to SFr238m in shareholders' funds.

Current liabilities at SFr734m are more than covered by current assets of SFr798m, but Mr Rodolphe Rossi, director-general, said the intention was to bring total equity back to its former level of half total liabilities.

At present Sasea runs some

40 participations, most of them minority holdings, including an indirect stake in Pathe Communications Corporation and, through Eurogest, a majority holding in Scotti Finanziaria, a Milan real estate company with net assets of L800bn (\$851m).

Just over 2m new shares will be issued in the rights offering, the price of which will be fixed on Monday. Of these, 51 per cent will be taken up by a "hard core" of shareholders and 10 per cent by associated friendly investors.

Linotype ahead on heavy demand for laser printers

By Haig Simonian in Frankfurt

NET PROFITS at Linotype, the West German printing electronics group, rose 27 per cent to DM52.8m (\$28.2m) last year, slightly ahead of forecasts.

The group, which was floated in October 1987, is increasing its dividend by DM2 to DM13 a share.

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Atlas Copco makes strong start to year

By Robert Taylor in Stockholm

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufacturer, reported yesterday that first-quarter profits (after financial items) rose by nearly 25 per cent compared with the same period last year, from SKr248m to SKr303m (\$52m).

Orders received rose by 22 per cent to SKr4.16bn, while turnover increased by 23 per cent to SKr3.49bn.

Atlas Copco also announced that the 1988 dividend, up from SKr7.50 to SKr8.50 a share, had been approved by the shareholders.

French insurer shows rise of 45%

By George Graham in Paris

GRUPE des Assurances Nationales (GAN), the French state-owned insurance group, has reported a rise of 45 per cent in net profits to FF1,930m (\$303m) for 1988.

Mr François Heilbronner, GAN's president, said the rise came from a substantial improvement in operating results in the accident insurance division, especially on motor insurance, and from strong investment earnings.

Total revenues rose 12 per cent to FF23.6bn, with the proportion accounted for by life insurance rising again to 49 per cent. Technical provisions rose by 14 per cent to FF7,000m.

In the domestic fire and accident division, revenues rose 5 per cent to FF7,530m, and net profits trebled to FF620m, with FF736m of investment earnings offsetting underwriting losses of FF115m.

Corporate insurance activities produced an operating loss, but individual motor insurance turned from an operating loss last year to an operating profit of FF25.6m.

Mr Heilbronner said GAN had benefited from an improvement in French driving habits in the second half of 1988, but also from its efforts to be more selective over who it insured and from the sizeable provisions it had established in recent years.

In the life sector net profits rose 18 per cent to FF7,110m, on revenues of FF6,930m and an underwriting profit of FF21.7m.

GAN, which at the end of this month will complete an operation giving it control of the state-owned retail banking group CIC, is to raise its dividend to the state by 50 per cent to FF252m.

Mr Heilbronner said 1989 had begun well, with activity in the first quarter ahead of budget in all sectors, but especially in life insurance.

Club Med, the French leisure group, is to take a 34 per cent stake in Nouvelles Frontieres, a tour operator with a network of 52 travel agents.

Investors rush for shares in Portuguese brewer

By Diana Smith in Lisbon

PORTUGUESE AND foreign investors this week swamped the Oporto bourse with orders for shares in Unicer, the first state-owned company to offer 49 per cent of its capital to the public.

The semi-privatisation of Unicer, a brewing company, is part of a government plan to reduce public debt, which stands at 80 per cent of the gross domestic product. That was largely caused by the losses of companies nationalised in the 1975 revolution.

The success of this week's operation hinges well for semi-privatisation Banco Totta e Tranquilidade insurance companies, scheduled for June, and of the Aliana Seguradora and Tranquilidade insurance companies, scheduled for July and September.

In the lively special session in Oporto - chosen over Lisbon because Unicer is a north-east company - there were nearly three times as many orders as shares available: 3.18m shares at a basic price of Es2,500 each (\$16) were bombarded with orders at prices from Es2,800 to Es6,000.

Had enough shares been available the sale would have fetched Es26.5bn (\$170m). As it was it raised Es9.5bn, a sum that Mr Miguel Cadilhe, the Finance Minister, called "highly satisfactory."

Unicer's bid benefited from an improvement in French driving habits in the second half of 1988, but also from its efforts to be more selective over who it insured and from the sizeable provisions it had established in recent years.

Foreign buyers ended up with 10 per cent of the volume and 12 per cent of the value of new Unicer shares. Generally they offered much higher prices than Portuguese bidders - an average Es3,800 compared with Es3,050 for Portuguese buyers.

Also reportedly eager to buy were new Portuguese economic groups located in the north, and families which ran breweries before nationalisation in 1975. Foreign and Portuguese groups seem to be moving into place for full privatisation of Unicer, expected in the next two years.

The authorities picked Unicer as the first candidate for semi-privatisation because it was an exceptionally well managed and profitable company and looked like an easy sale, and because beer, the Government feels, need not be a state-owned activity.

The new shareholders will have two directors on the Unicer board due to be elected at a special general meeting in the next few months. The company now has 1,904 worker-shareholders, 9,889 small shareholders, 204 shareholders with more than 5,000 shares each and 96 foreign shareholders.

Foreign bids for shares in the second tranche, for purchase of a minimum of 1,000 shares per buyer, could not be satisfied.

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UK leather industry shake-up

By Nikki Tait in London

THE FUTURE of Britain's much diminished leather industry became slightly clearer yesterday as Hillsdown Holdings, the large food, furniture and property group, made the surprise move of selling its 17 per cent stake in tanning group Pittard Garnar to rival leather manufacturer, Strong & Fisher.

Strong, which now has an aggregate 27.4 per cent interest in Pittard, added that it will not be renewing its bid for the other leather company at the moment.

Strong's £41m (\$69m) offer for Pittard last autumn was referred to the Monopolies and Mergers Commission but, expired this month, the company

was given clearance to make another bid.

Strong said it had decided not to return at this stage in the light of "present circumstances" - in particular, because of the "current high market price" of Pittard. Pittard shares have risen from under 30p to over 300p since the start of 1989. Yesterday they fell 12p to 278p.

Under Takeover Panel rules, Strong is required to make a new offer by next Tuesday. It is now able to rebid in November - the first anniversary of its previous offer - but only if it makes a cash offer at the highest price at which it has acquired Pittard shares in the intervening period.

It will be April 1990 before it can rebid with no conditions attached.

Meanwhile, Hillsdown said that the sale of its stake had been prompted by Pittard's refusal to recommend a full offer and by the rise in the Pittard share price.

It also approached Strong with the aim of acquiring Strong's 10.4 per cent interest in Pittard, but had no success there either.

Instead, it has sold its 3.68m shares to Strong at 302p apiece which, it calculates, is marginally in excess of its average buying price. The deal, it added, signals the end of its interest in the Pittard situation.

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This announcement appears as a matter of record only.

27th April, 1989



TOBU RAILWAY CO., LTD.

U.S. \$300,000,000

4 3/4 per cent. Notes 1994

with

Warrants

to subscribe for shares of common stock of Tobu Railway Co., Ltd.


Issue Price 100 per cent.

Yamaichi International (Europe) Limited	Fuji International Finance Limited
Banque Paribas Capital Markets Limited	Barclays de Zoete Wedd Limited
Baring Brothers & Co., Limited	Credit Suisse First Boston Limited
Deutsche Bank Capital Markets Limited	Goldman Sachs International Limited
Kleinwort Benson Limited	Kuwait International Investment Co., s.a.k.
Merrill Lynch International Limited	Mitsubishi Finance International Limited
Morgan Grenfell & Co. Limited	J.P. Morgan Securities Asia Ltd.
NatWest Capital Markets Limited	Salomon Brothers International Limited
Société Générale	Swiss Bank Corporation
Swiss Volksbank	Taiheyo Europe Limited
S.G. Warburg Securities	

This announcement appears as a matter of record only.

27th April, 1989

NEW ISSUE



YAMAZEN CO., LTD.

U.S. \$100,000,000

4 3/8 per cent. Guaranteed Notes 1993

with

Warrants

to subscribe for shares of common stock of Yamazen Co., Ltd.
The Notes will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 per cent.

Yamaichi International (Europe) Limited	Fuji International Finance Limited
Daiwa Bank (Capital Management) Limited	Deutsche Bank Capital Markets Limited
Algemene Bank Nederland N.V.	Banque Bruxelles Lambert S.A.
Bayerische Vereinsbank Aktiengesellschaft	Cosmo Securities (Europe) Limited
Crédit Lyonnais	Daiwa Europe Limited
DKB International Limited	Robert Fleming & Co. Limited
Goldman Sachs International Limited	Kleinwort Benson Limited
KOKUSAI Europe Limited	Leu Securities Limited
Merrill Lynch International Limited	J.P. Morgan Securities Asia Ltd.
Morgan Grenfell & Co. Limited	Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.	Nomura International
Salomon Brothers International Limited	J. Henry Schroder Wagg & Co. Limited
Sumitomo Finance International	Taiheyo Europe Limited
Taiyo Kobe International Limited	Tokai International Limited
Wako International (Europe) Limited	S.G. Warburg Securities
Yasuda Trust Europe Limited	



The Board of Management of Akzo N.V. announces that at the Annual Meeting of Stockholders held at Arnhem on April 27, 1989, the dividend for the financial year 1988 has been fixed at NLG 7.50 per common share of NLG 20. Of this amount, NLG 1.50 was declared and made payable as an interim dividend from November 21, 1988, so that there remains a final dividend of NLG 6 per share for the financial year 1988. Stockholders may choose to receive the final dividend entirely in cash or in common stock chargeable to additional paid-in capital or, at stockholder's option, to other reserves.

The new shares confer the right to the dividend for the financial year 1989. The stock dividend chargeable to paid-in capital is free from Dutch withholding and income tax.

Payment of the above cash dividend will be made from May 16, 1989, against surrender of coupon No. 32. A withholding tax of 25% will be deducted from the dividend, so that the net payment per share of NLG 20 will be NLG 4.50.

To the extent that stockholders prefer payment of the dividend in stock, they will receive against surrender of 24 coupons No. 32 one share of NLG 20, entitling them to the dividend for the financial year 1989 and following financial years, provided with coupons Nos. 33 and following and talon.

The exchange of Coupons No. 32 for new shares will be made free of charge to the holders.

As from September 1, 1989, coupon No. 32 will only carry entitlement to the cash dividend.

U.K. Residents.
Dividends so payable for U.K. residents will be paid less 15% withholding tax and U.K. income tax will be deducted from the gross dividend.

Residents of other countries.
For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.).

Where no such form is produced, withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms. Information concerning any of the above-mentioned documents may be obtained from Barclays Bank PLC and Midland Bank PLC.

Paying offices in the United Kingdom:
Barclays Bank PLC
Stock Exchange Services Department
54 Lombard Street
London EC3P 5AH
and
Midland Bank PLC
International Division
Securities Services Department
110-114 Cannon Street
London EC4N 6AA

Arnhem, April 28, 1989
Akzo N.V., the Netherlands

INTERNATIONAL COMPANIES AND FINANCE

Putting Ireland on the investment market

The IDA, once a model development agency, is rising again, says Hazel Duffy

Ireland's Industrial Development Authority was the model for development agencies in Europe in the 1970s, when the IDA had a remarkably good run bringing overseas companies to Ireland. Then came the tough years. The economy dived into a period of high inflation. Labour costs were rising. Some foreign companies, which had been lured in by the attractive financial packages, packed their bags when the tax incentives expired. Multinationals became a byword for redundancies among the Irish.

Today, things are looking up again. Inflation and interest rates are well below UK levels. There is a new air of business confidence. Ireland, in contrast to much of Europe, has plenty of young people.

The IDA is publicising Ireland overseas with a new vigour. "There's a motivation which has not been there since the late 1970s," says Mr Ray Burke, minister for industry and commerce. "They have a product to sell again. The overseas investment in the pipeline has never looked so good."

Almost daily, small groups of Japanese and Korean businessmen arrive in Dublin to talk with ministers and the IDA. They will be aware of Ireland's attractive corporate tax and depreciation allowances. Last year, the IDA

opened an office in Seoul and doubled the size of its Tokyo office. Offices in Houston and Cleveland in the US, and in Paris have been closed.

IDA officials stress, however, that it is encouraging industry to develop within a much more focused strategy than in the 1970s. This applies to Irish companies as much as to foreign investors.

They have identified three sectors as the key to building a durable industrial base in Ireland: foreign companies, medium-sized Irish-owned companies and small firms.

Inward investment is still very important. The emphasis on Japan is directed towards securing parts manufacture, to supply Japanese plants elsewhere in Europe, and so meet the local content required by the European Commission.

A recent example was Fujitsu's decision to set up an operation to supply parts for its printer assembly plant in Spain. The plan is that the investment will lead to additional printer assembly capacity in Ireland. Detailed discussions are also being held by the IDA with another, unnamed, Japanese company for the fabrication of computer wafers.

Such investments are highly coveted for in Europe. But Mr Eieran McGowan, executive director for overseas investment, believes that "the tide is



Ray Burke: "They have something to sell again"

turning away from the UK [which has attracted one third of total Japanese investment in the European Community] towards Ireland, because of growing labour shortages in the UK."

However, the IDA has not renounced its drive in the US, which will remain the major overseas source of investment. Nearly 3,000 jobs were promised by 32 new American investments last year.

The IDA has been criticised for "buying" foreign investment with over-generous grants. It was argued that these led to some of the failures, like Byster, which three

years ago closed its automated handling systems plant near Dublin.

Ireland, in common with other European governments, has tightened up on grants. The average rate of assistance for foreign companies, at about one third of the cost of setting up, is still higher than for expansion projects by Irish companies. But both are tied much more closely to achievement of job targets, and repayment of grants when the project is up and running.

The IDA is increasingly investing in the form of preference shares so that there is a return. Or it links its money with specific needs, like the improvement of marketing techniques.

Ireland has a handful of companies which have succeeded internationally. But the indigenous industrial base is small. The IDA wants to strengthen it. Small firms are being encouraged to grow in part through programmes which link them with the multinationals that have been set up.

But larger companies, particularly in engineering and food processing, are seen as having the potential to capitalise much more on their strengths. If they do not, the fear is that increasingly they will be taken over by the single European market nears completion.

Selected companies, many in the food sector, have had financial backing from the IDA. Food industries, in which Mr Larry Goodman, the most notable, has a majority stake, is one. On a similar scale, it announced recently that it would be helping the Agra group set up advanced packaging facilities which will enable the company to supply meat as joints with a prolonged shelf life to German supermarkets.

Too often, this market-led approach is lacking in Irish business, the IDA argues. It stops at the point where the producer supplies the company, usually foreign, which supplies the supermarkets.

The IDA's tactics in "picking winners" have already attracted critics, who say that public money is going to highly profitable companies and not those struggling to grow.

Mr Burke defends the strategy. He stresses that the process is not all one way. The Government has told Irish companies that it expects them to play their part in putting the economy on to a firmer base, and creating jobs.

The IDA also has less money. Its budget was cut by £10m to £120m (\$202m) this year. The organisation is thinner, and more determined that there will be a payback for its investments.

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PROFIT BEFORE TAX	61.6	34.5
PROFIT AFTER TAX	40.1	22.2
EARNINGS PER ORDINARY SHARE - UNDILUTED	54.2P	34.5P
EARNINGS PER ORDINARY SHARE - DILUTED	47.8P	34.0P
DIVIDENDS PER ORDINARY SHARE	17.0P	13.0P

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US plastics group plans expansion in Europe

By Peter Marsh

HANNA, a fast-growing US plastics company, is looking at possible acquisitions in Europe as part of its plan to double its annual sales to \$300m by 1993.

Mr Jim Courtney, a Hanna vice-president, said in London recently that the company had no particular targets in Europe, but it was anxious to step up its presence on the Continent in the fields of resins distribution and compounding.

Only about 10 per cent of Hanna's sales are outside North America.

Compounding, one of Hanna's main business activities, describes the mixing of specific plastics materials bought from big chemicals producers which are sold to manufacturers to be turned into finished products. Hanna, which was set up in 1985, has expanded aggressively since 1986, mainly by acquiring small privately-

owned resins and plastics businesses in the US. Annual sales in 1986 of \$190m have been transformed to a revenue last year of \$1,020m, of which net income amounted to \$83m.

Plastics activities account for 90 per cent of sales, with minerals, mainly sales of iron ore, comprising the rest.

The Cleveland, Ohio-based Hanna has a small plastics manufacturing and sales operation in Dundee, Scotland, which Mr Courtney said that the company was "thinking about expanding."

Hanna - one of whose directors is Mr Conrad Black, chairman of the Daily Telegraph, the British newspaper - has spent some \$300m over the past four years on its acquisitions policy. The company has obtained this cash largely by selling stock, and has also issued \$110m worth of junk bonds.

GRANVILLE								
SPONSORED SECURITIES								
High Low	Company	Price	Change	Gross Div Yield	%	P/E		
225	225	Atk. Brit. Ind. Ordinary	225	+5	10.3	3.2	6.8	
30	30	Armitage and Rhodes	30	0	0	0	0	
33	35	BBB Design Group (USM)	30	0	2.1	6.8	4.8	
173	149	Bardon Group (SE)	173	0	2.7	1.6	27.6	
110	105	Budco Group Co. Pref. (SE)	110	0	4.7	6.1	11.0	
123	108	Ray Technologies	107.50	0	5.9	5.4	9.6	
110	107	Stranmillis Com. Pref.	108	0	11.0	10.2	-	
242	243	CCI Group Ordinary	242	0	12.3	4.1	4.6	
174	168	CGI Group 15% Conv. Pref.	174	0	14.7	8.6	-	
183	140	Carbo Pte (SE)	183.50	+5	7.6	4.2	10.8	
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-	
247	223	George Blair	247	0	12.6	3.1	8.5	
122	119	HS Group	122	0	0	0	16.1	
141	115	Jackson Group (SE)	136	0	3.3	2.4	15.0	
322	261	Marathon IV (AmcSE)	312	0	0	0	0	
157	98	Rupert-Jentles	103	+1	7.3	7.3	3.9	
465	403	Scriven	462.50	0	16.7	4.0	12.4	
280	270	Torday & Carlisle	280	0	9.3	3.3	9.8	
189	180	Torday & Carlisle Conv. Pref.	189	0	10.7	9.8	-	
122	52	Trexon Holdings (USM)	122	0	0	2.7	2.5	11.9
113	106	Unidraul Europe Conv. Pref.	113	0	8.0	7.1	-	
395	355	Veterinary Drug Co. Pte.	392	0	22.0	5.6	9.4	
370	352	W.S. Yeates	352	0	16.2	4.9	27.7	

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The Board of Management of Akzo N.V. announces that on April 27, 1989 the results for the first quarter 1989 were published. Copies of this report may be obtained from the London Paying Agency:

Barclays Bank PLC
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54 Lombard Street
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6800 SB Arnhem
The Netherlands

Arnhem, April 28, 1989
Akzo N.V., the Netherlands

INTERNATIONAL COMPANIES AND FINANCE

Philips seeks to give up control of ailing Indian affiliate

By R.C. Murthy in Bombay

PHILIPS of the Netherlands is seeking to give up management control of Peico Electronics and Electricals, its Indian affiliate, which is the country's market leader in lighting but is going through a bad patch.

The Dutch company has been exploring the possibility of sharing power with an Indian entrepreneur, who, it is hoped, will help expedite official approvals for new projects and deal with management and labour problems arising out of a Peico restructuring.

Peico is the market leader for lamps and lighting and also manufactures electronic products, home appliances and components.

It had Rs3,576m (\$246.9m) sales in 1987 - when profits plunged to Rs10.7m from Rs27.5m and the dividend went down by a third to Rs1. It appears that the slide continued last year, results for which have yet to be announced.

Peico was known as Philips India until 1979, when the Dutch parent reduced its stake

to 39.7 per cent in line with Indian foreign exchange regulations. Philips retained management control with support from state-owned investment institutions.

The affiliate was a victim of prolonged delays in official clearance of new projects. When its plan to produce colour television sets was approved after a couple of years' delay, Peico found it difficult to compete with Indian makers, by then entrenched.

Indian entertainment electronics is based on screwdriver technology, with most companies importing kits of audio and video equipment from Japan for assembly before sale.

Philips has shortlisted some half a dozen Indian groups as possible management partners. One of these, the fast-rising Videocan, has rejected Philips' invitation to join Peico, whose technology is considered outdated and labour costs too high.

When an equity offer is next made by Peico, Philips may pass on its rights in the issue to the new partner.

Indian Airlines increases fleet to improve profits

By K.K. Sharma in New Delhi

INDIAN AIRLINES, the carrier which operates mainly on domestic routes, expects to improve its profitability this year. This is because its fleet will be increased by the induction of the first of 19 Airbus A300 aircraft it has ordered, and by using additional Boeing 737s and Soviet planes on lease.

Shortage of aircraft has seriously affected Indian Airlines' performance because of accidents and grounding of some planes for maintenance. Cancellation and delays of flights eroded profitability, and the Government-owned corporation now estimates its 1988-89 net profit at just Rs500m (\$31.5m).

This is a sharp fall from the Rs756m made in 1987-88 when Indian Airlines recorded its best results. The corporation expects to improve its performance this year with the arrival of the new aircraft. Four Boeing 737s and two Soviet aircraft have already joined its fleet; the first of the Airbus is expected in June.

Indian Airlines also has the option of buying another 12 as well as obtaining more on lease.

Indian Airlines has been

under strong attack for a deterioration in its services in the past year and it is seeking government approval to acquire more aircraft. This has been held up because of a shortage of hard currency but the company has made a strong case for priority treatment because of the foreign exchange it earns from tourists.

Air India, the state-owned international airline, closed the last financial year with signs that it will have made a profit of about Rs200m in 1988-89. This is a considerable improvement after a net loss of Rs434m the previous year. It reflects increased non-stop services to destinations in Europe, particularly London, Frankfurt and Paris, as well as one non-stop weekly flight to Tokyo. Faster services are now planned to Australia.

Air India has given a letter of intent to Airbus Industrie for purchase of two additional A300s for delivery next year.

India's third airline, Varig, which operates mainly on less economical regional routes not served by Indian Airlines, expects to make a loss of Rs63m in 1988-89, somewhat less than the loss of Rs78m registered the previous year.

OBITUARY

Matsushita: 'god of management'

MR KONOSUKE Matsushita, founder of the Matsushita electronic products manufacturing group known for its Panasonic and National branded consumer electronic products, died yesterday in an Osaka hospital at the age of 94.

Mr Matsushita was regarded as the "god of management" in Japan: first for his pioneering work in establishing mass production of consumer electrical products, and later for his numerous publications setting out his management philosophy. "The real mission of Matsushita Electric is to produce an inexhaustible supply of goods, thus creating peace and prosperity throughout the

land," he told his employees in 1932.

After the Second World War, the company acquired a reputation as a brilliant follower, making his radios and televisions from concepts first advanced by other companies such as Sony and then marketing them more successfully than their rivals.

Mr Matsushita retired in 1973 but remained active in various philanthropic causes, notably the Peace and Happiness Institute, which he founded in 1946 and the Matsushita School of Government and Management.

Born the third son of a landlord in Wakayama Prefecture,

he was forced to quit primary school after his father's unsuccessful speculation in the rice futures market. At the age of nine, he started working as an apprentice at a charcoal brazier seller and later at a bicycle shop.

In 1910 he joined Osaka's electric power utility, but decided to leave eight years later when his superiors showed no interest in his ideas for improving electrical sockets. He set up an electric hub manufacturing factory in a house he rented for ¥16.5 a month. From that beginning, his company grew into a worldwide group with annual sales of ¥5,000bn (\$37.5bn).



Konosuke Matsushita: guru of consumer electronics

Pickens rebuffed by Koito a second time

By Stefan Wagstyl in Tokyo

MR T. BOONE Pickens, the Texan corporate raider, has been rebuffed a second time by Koito Manufacturing, the Japanese auto parts company where he has acquired a stake worth more than \$1bn.

Koito, which earlier refused an offer of management advice from Boone Co, Mr Pickens' private investment company, this week rejected a request from Boone for three board seats. It is believed Boone asked for three because Toyota Motor, the top Japanese car maker which has 19 per cent of Koito, nominates three board members.

Boone acquired a 20.2 per cent stake in Koito last month from Azabu, a grouping of property, car importing and investment companies headed by Mr Kitaro Watanabe, an aggressive stock market operator. Mr Watanabe sold his stock after failing to force Koito or Toyota to buy his shares back at inflated prices.

In rejecting Mr Pickens' request, Koito raised the question of whether Boone Co has really bought Mr Watanabe's stake outright.

In a letter to Boone Co, Koito said it was entitled to know

whether any option, repurchase or security agreement or another arrangement covered the deal. It added: "Until these questions are satisfactorily addressed, we do not think it would be appropriate to respond formally to your requests."

Meanwhile, the Ministry of Finance is investigating the way in which Azabu Motor, a member of the Azabu group, acquired its stock. The ministry believes Azabu infringed a law which came into effect last October, requiring holders of stakes of 10 per cent and more to disclose them.

Azabu held some of its shares outright and some through margin transactions, in effect bought on credit at stockbrokers. The ownership of shares bought on margin stays with the broker until the shares are paid for in full. Nevertheless, the ministry suspects the 10 per cent level was breached before the shares passed to Boone Co.

Under the law, any profits made on the sale of illegally held shares made within six months of the purchase can be claimed back by the target company, in this case Koito.

Market share down for Ford Australia

By Chris Sherwell in Sydney

A SURGING domestic economy has helped Ford Australia lift its 1988 profits by 2 1/2 times, but strong competition saw its market share slip across all vehicle categories.

Figures released in Melbourne yesterday for the Australian offshoot showed after-tax profits of A\$95m (US\$75.5m) for the year to December, up from A\$37.4m the previous year, on sales which rose 13 per cent.

But while Ford maintained the largest slice of the market, its actual share slid from 25.5 per cent to 25.7 per cent. The figure for passenger cars, where competition has been toughest, dropped from 31.1 per cent to 28.1 per cent. There were also falls in the light, medium and heavy vehicle sectors.

Mr Bill Dix, president of Ford Australia, attributed the group's improved profit to the success of its new Falcon range and the effectiveness of its long-term investment programme, which has cost A\$940m since 1985.

He said he was aiming for better results in the current year, when he expected the total market to increase by 11

per cent to 580,000 vehicles. The increase in 1988 was more than 15 per cent from the poor 1986 year.

Ford has now managed to retain market leadership over its four local rivals for seven consecutive years, during which time its Falcon has also been the best-selling car. The group has second place in the truck sector.

This year, the Falcon is under strong pressure from the Commodore, which is also being produced to an all-new design and is made by Holden, part of the General Motors group of the US. The other local manufacturers are Toyota, Nissan and Mitsubishi.

All five benefit from import protection, though this is declining and the Australian Government's car plan is encouraging rationalisation. Ford, for example, has begun co-operating with Nissan to produce a medium-sized car.

As a result of the industry's future, according to Mr Dix yesterday, "now appears much brighter than during the past few years, and the groundwork is being laid for local manufacturers to become internationally competitive."

Midland Bank's German unit slips

TRINKKAUS & BURKHARDT, the majority-owned West German private-banking subsidiary of Midland Bank, saw a fall of 12.9 per cent to DM472.1m (\$39.4m) in partial operating profit last year, mainly because of higher administrative spending and lower commissions, writes David Lascelles.

Total assets grew 9.7 per cent to DM6.5bn.

South African banks ahead

By Jim Jones in Johannesburg

SOUTH AFRICA'S banking groups have been reporting strong results for the six months to March, despite credit curbs and higher interest rates which restrained demand for consumer credit and mortgages.

Nedcor, the third largest and formerly named Nedbank, was helped by its merger with the South African Permanent Building Society.

Nedcor said yesterday that its interim operating profit before tax and provisions for bad debts increased by half to

R210m (\$82.3m) from R140.6m in the corresponding period of 1988. Pre-tax profit rose to R178.2m from R114.6m.

First National Bank, the market leader, lifted total advances by 11 per cent. Banking margins widened as the Reserve Bank allowed interest rates to rise, and profit after tax for the former Barclays offshoot increased to R98.9m from R89.1m.

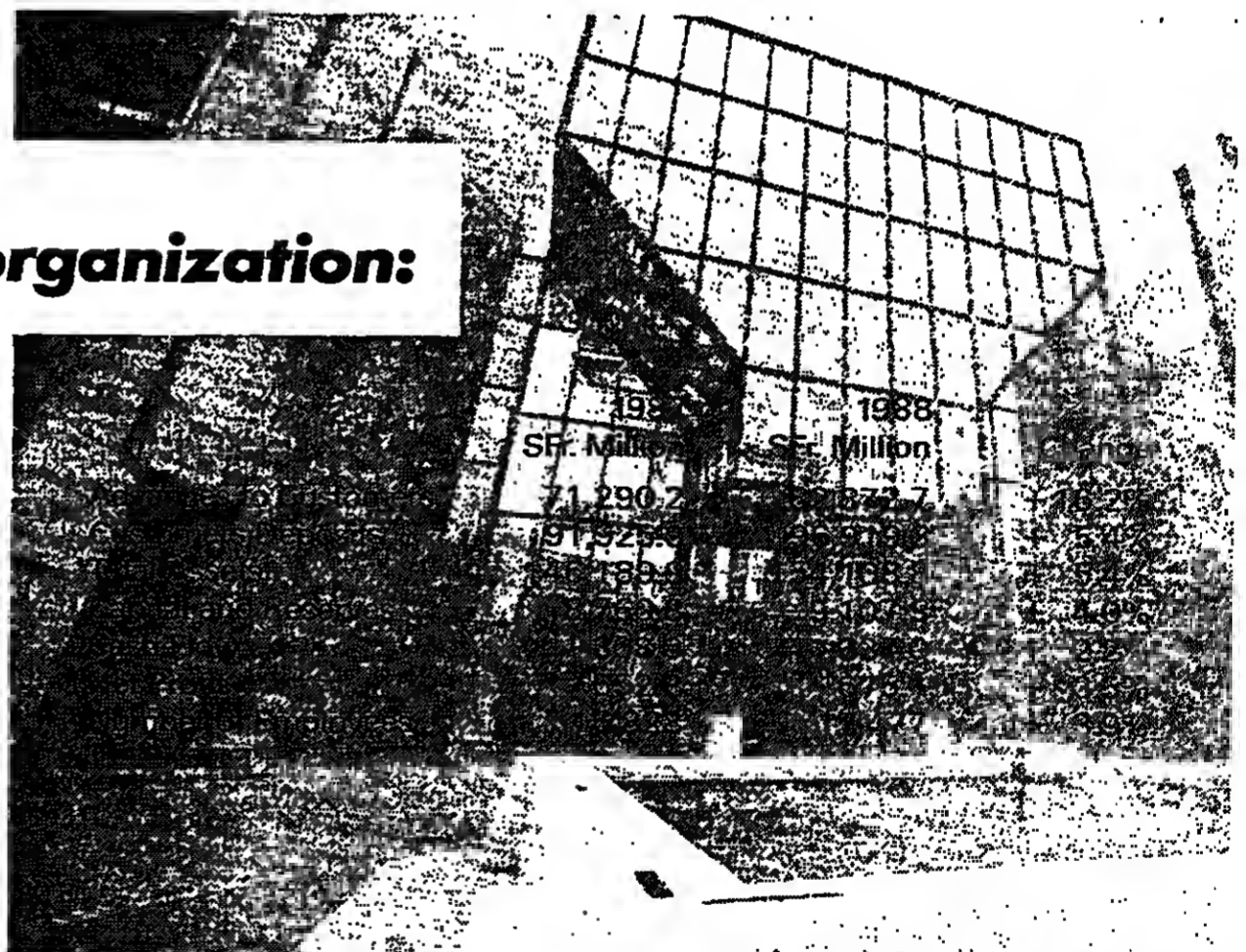
Advances increased to R29.4bn at the end of March from R21.1bn at the end of September and R18.7bn a year

earlier. Total assets were R30.29bn against R26.15bn at the end of September.

Net interest income rose 20.8 per cent to R546.4m. Although growth in demand for consumer and mortgage credit has slowed, corporate demand for credit is rising, with increased spending on fixed assets.

Interim net earnings increased to 125.9 cents a share from 122.7 cents, and the dividend is unchanged at 35 cents. Last year's total earnings were 284.5 cents and the year's dividend was 112.5 cents.

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By: The Chase Manhattan Bank, N.A.
London, Agent Bank

April 28, 1989

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Frankfurt/Main, April 1989

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The Financial Times proposes to publish this survey on:

23rd June 1989

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Messrs. Shareholders are hereby convened to attend the Ordinary General Meeting of the Company, which will be held in Brussels, at 52 rue de l'Industrie, on May 12, 1989, at 3.00 p.m., with the following agenda:

1. Reports of the Board of directors and of the auditors-comptrollers on the financial year 1988.
2. Annual accounts as at the 31st December 1988.
3. Discharge to be given to the directors and to the auditors-comptrollers for the accomplishment of their duties in the course of the financial year 1988.
4. Statutory elections (directors and auditors-comptrollers). Remunerations of the auditors-comptrollers.
5. Miscellaneous.

The meeting will be preceded by the showing at 2.45 p.m. of a short film detailing the Group's activity during 1988. Messrs. Shareholders are cordially invited to be present.

The doors of the Assembly Hall will open at 2.15 p.m.

As a consequence of Ascension Day and the bank holiday of May 5, 1989, in Belgium, holders of bearer shares are requested, if they intend to attend the meeting, to deposit their shares no later than Wednesday May 3, 1989, at the following institutions:

Banque Bruxelles Lambert, Banque Paribas Belgique, Kredietbank Générale de Banque
Banque Nationale de Paris, Crédit du Nord
Banque Internationale à Luxembourg, Banque Générale du Luxembourg
Algemeene Bank Nederland, Amsterdamsche-Rotterdam Bank
Commerzbank, Deutsche Bank, Dresdner Bank
Crédit Suisse, Swiss Bank Corporation, Union Bank of Switzerland
Credito Italiano, Banque Belge Ltd.
as well as at the Company's registered office.

Shareholders who subscribed bearer shares in the course of the capital increase of February-March 1989 and wish to attend the meeting, are requested to notify their intent within the prescribed time to the financial institution where their subscription was received.

The Board of directors

INTERNATIONAL CAPITAL MARKETS

Treasuries rally as Fed intervention tails off Sydney suspends trading in Liffe-linked contracts

By Janet Bush in New York and Katharine Campbell and Norma Cohen in London

US TREASURY bonds rallied yesterday as several leading officials of the US Federal Reserve made it clear that the central bank had decided to stop tightening monetary policy.

GOVERNMENT BONDS

At mid-session, bond prices were quoted as much as a point higher at the long-dated end of the market. The yield on the Treasury's benchmark long bond fell to 8.9 per cent.

Funds rate sticking at 9 1/8 per cent to 9 1/4 per cent for weeks. Financial markets in recent weeks have shown a propensity to react to news developments with a positive bias and yesterday's rally was no exception.

GOVERNMENT BONDS

However, there was some genuine encouragement yesterday from the fact that the dollar held steady despite the remarks on interest rates. The market also reacted positively to news of a smaller-than-expected rise in personal expenditure in March of only 0.2 per cent.

fall-out from the extraordinary manner of delivery of the Canadian budget made for a highly nervous bond market before finance minister Mr Michael Wilson faced the House of Commons yesterday morning.

GOVERNMENT BONDS

Bonds were between 1/4 and 1/2 of a point weaker in thin trading. ● LAST WEEK'S rally in the Australian market was soundly dented by reserve governor Mr Robert Johnston's lunchtime remarks that the economy was still growing too strongly, appearing to contradict the most recent reserve bank bulletin, which had suggested that demand had peaked.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing, denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal.

failed to interest the bond market, which is now preoccupied with currency weakness and inflationary pressures. Active selling by investors as well as dealers was reported in both Frankfurt and London. The 7 per cent federal bond due 1999 was fixed 15 pennings lower at 101.05, to yield 6.85 per cent.

● THE SWEDISH bond market advanced firmly yesterday, after initial nervousness when the central bank raised the official discount rate one percentage point to 9.5 per cent. While yields on 10-year government bonds had fallen as low as 11.25 per cent, they closed the day at 11.11 per cent.

Sydney suspends trading in Liffe-linked contracts

By Chris Sherwell in Sydney

THE SYDNEY Futures Exchange yesterday suspended trading in its two futures contracts that are linked to Liffe in London, effective from Monday.

The sudden decision, made in agreement with Liffe, is the result of low trading volumes since the contracts, for US Treasury bonds and Eurodollar interest rates, were first introduced in October 1987.

Both sides insisted that the suspension did not terminate their formal linkage arrangements. These or other contracts, they said, would be considered for linked trading if the circumstances or opportunity arose in the future.

Under the arrangements, a position opened on the Sydney exchange can be closed on Liffe, and vice versa, because the contracts would be cleared through Liffe clearing members and the International Commodities Clearing House in London.

Security Pacific in ADR issue

By Norma Cohen

SECURITY Pacific Bank has filed with the Securities and Exchange Commission to offer American depository receipts backed by Canadian government bonds which will trade in the US.

But, unlike an earlier issue of similar securities backed by the US government, the ADRs are not sponsored by the Canadian authorities.

Last September, France sponsored a similar programme of ADRs, backed by government debt, whose securities are traded on the New York Stock Exchange. Managers for the issue - Burns, Fry and Bear Stearns - are holding informal discussions with US exchanges about the possibility of a listing.

Currently, SEC rules do not allow unsponsored foreign securities to be traded on US exchanges without specific permission, but officials at Burns, Fry said that such permission may not be needed for ADRs backed by seasoned government bonds.

Security Pacific in ADR issue

However, Mr Carl Wostenholme, manager of government services at Burns, Fry, said that if no listing is possible, the ADRs will trade over-the-counter.

The proposed ADRs, for which the prospectus has yet to be approved by the SEC, will be backed by C\$100m of 10 per cent Canadian government bonds due 2008.

Mr Wostenholme said the Canadian Government had declined to sponsor the issue, as it saw no particular benefit in an ADR programme at this time.

The French Government's ADRs have met very sluggish demand since their launch last autumn. CL-Global Partners, architects of the French securities, and Bank of New York, the depository agent, agree that the main difficulty in selling the ADRs is that yields on French government bonds are below those available on US Treasuries.

Syndicate managers jolted into action by late issues

By Andrew Freeman

A LATE FLURRY of new-issue activity dragged Eurobond syndicate managers out of their somnolence yesterday. However, opportunities to launch deals were restricted to a small number of sectors. Secondary market trading remained depressed.

Dealers in the Canadian dollar sector were kept busy following the leaking of the Canadian Budget which included news that the budget deficit is unexpectedly set to rise.

There were complaints when the prices of Canadian government bonds in London were marked down by about half a point and the bid-offer spreads widened sharply in response to the news.

One trader said it had been difficult to make prices of Eurobonds when no one knew the equivalent government bond price.

The fall in prices had a sharp effect on Wednesday's C\$200m World Bank issue. The seven-year bonds were marked down by 1/4 point to 101 1/4 bid by Banque Paribas Capital Markets, lead manager of the deal. This took the issue outside underwriting fees, but

appeared to have the desired effect of discouraging wholesale dumping of the paper. As the government bond market rallied, the bonds improved to close at less than 1/32 bid, still outside fees of 1/4 per cent.

Among new issues, a F1300m 10-year deal for the World Bank. The bonds came with a coupon of 7 1/2 per cent and were priced at 100.80 per cent. The lead manager said it was too early to make a grey market price.

Crédit Lyonnais was the lead manager of an Ecu100m issue for Societe Nationale des Chemins de Fer (SNCF), the state-owned railway company. The 10-year bonds came with a 9 per cent coupon and were priced at 102 per cent.

The deal was launched too late for there to be significant grey market trading, but initial reactions were that the bonds would open at around less than 2 bid, a discount equivalent to underwriting commissions of 2 per cent. Traders commented that the coupon should eventually attract retail investors, but said the reception had been muted.

The guildler sector was also tapped by Rank Xerox Finance. Algemeine Bank was the lead manager of a F100m five-year deal which came with a 7 1/4 per cent coupon and was

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, US Dollars, Amount m, Coupon %, Price, Maturity, Fees, Book runner. Rows include Daiwa Trade Ind, Tokyo Yamato, Mitsubishi Corp, Nippon Paint, etc.

Final terms, convertible, equity warrants, etc. Private placement, etc. Put option 31/3/92 at 105 to yield 5.20m, etc.

The guildler sector was also tapped by Rank Xerox Finance. Algemeine Bank was the lead manager of a F100m five-year deal which came with a 7 1/4 per cent coupon and was quoted at less than 1/4 bid, on fees. In Switzerland yesterday, traders reported quiet market conditions. A SF200m five-year convertible notes issue for Towa Real Estate Development was brought by Credit Suisse, despite the recent poor performance of similar paper for other Japanese borrowers. The paper was quoted by the lead manager at less than 1/4 bid.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS, & SUB-GROUPS, Thursday April 27 1989, Index No., Day's Change %, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, AVERAGE GROSS REDEMPTION YIELDS, etc.

LONDON MARKET STATISTICS

Table with columns: RISES AND FALLS YESTERDAY, British Funds, Corporations, etc.

LONDON RECENT ISSUES

Table with columns: EQUITIES, Issue, Amount, Date, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Date, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Date, etc.

TRADITIONAL OPTIONS

First Dealings, Last Dealings, Last Declarations, For settlement, For rate indications see end of London Share Service

LONDON TRADED OPTIONS

Table with columns: Options, Calls, Puts, etc.

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UK COMPANY NEWS

Wellcome advances 35% to £128m

By Vanessa Houlder

WELLCOME, the pharmaceutical company, announced a 35 per cent rise in pre-tax profits from £94.8m to £128.2m for the six months to February 23. Although the results were broadly in line with expectations, the share price fell 17p to 478p. This followed some disappointment about the growth of Retrovir, the only licensed medication for treating Aids. Its sales reached £59m, compared with £40m in the first half of the last financial year and £50m in the second half. The company said it was not concerned by the slowdown in the growth of Retrovir, which it said was still at an early stage in its development. Over the next two years, the company is engaged in clinical trials aimed at getting a licence for patients who have not yet developed full-blown AIDS. Sales of Zovirax, for the treatment of herpes infections, moved ahead by 28 per cent to £130m (£94m). Its sales were helped by the introduction of an oral treatment in Japan. Dr Trevor Jones, research director, said that Wellcome was extending its clinical trials on Zovirax to include diseases such as chickenpox. It had already received approvals for its use with shingles in several European and south east Asian countries. The next products expected to come onto the market include Wellbutrin, a new antidepressant which should be launched in the US later this year. Prolysis, a treatment for heart attacks is undergoing

clinical trials and a regulatory application is expected to be submitted in the next few months. In the US, which accounted for 51 per cent of trading profit, there was a fall of about 15 per cent in sales of products which were no longer protected by patents. Dr Howard Schaeffer, research director, said that Wellcome had reorganised its marketing effort in an attempt to ward off generic competition. Sir Alfred Sheppard, chairman and chief executive, said that Wellcome had no acquisition plans at present. He did not accept the argument that companies had to be gigantic to be winners, he said. Overall, turnover increased by 14 per cent to £672.7m

(£588m). Currency fluctuations had no material effect on the figures, in marked contrast with recent results. Research and development spending increased from £74.8m to £87.5m. In addition, the company said it was spending more on environmental concerns. Gearing stood at 9 per cent at the end of the period, compared with 13 per cent last August. The contract for the sale of Coopers Animal Health Group to the International Mineral and Chemical Corporation of America is expected to be signed shortly. Earnings per share increased from 6.5p to 8.5p. An interim dividend of 1.5p (1p) was declared. See Lex

BMP 'commended merger' in the past

By Nikki Tall

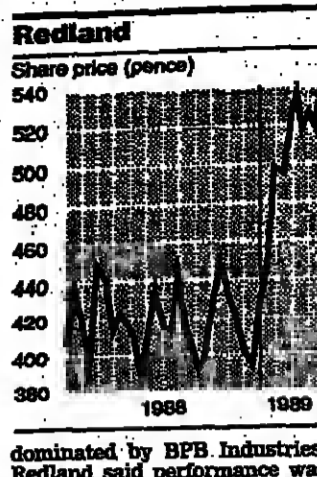
SNIPING BETWEEN Boulet Dru Dupuy Petit, the Paris-based advertising group, and its UK bid target, Bossa Masina Pollit, stepped up yesterday as the bidder published extracts from a BMP memorandum commending a merger between the two groups. The memo was written in summer 1987. In a new letter to shareholders, BDDP accuses its target of "abusive and inaccurate attacks" which it alleges will have unsettled clients and staff. And in a pre-emptive attack on any profits figures which may be put forward by BMP for the year to end-March, it tells shareholders, "you should consider very carefully the real underlying performance and be wary of the impact of non-recurring items such as pension holidays and the impact of any provisions arising for the merger with Davidson Pearce".

Growth in all divisions helps Redland improve to £221.5m

By Clare Pearson

REDLAND, the building materials group, reported pre-tax profits of £221.5m, and earnings per share of 52.3p, for the year to end-December. The comparable figures for calendar 1987 were £185.1m and 43.2p. This marked the first time Redland had reported on the period to end-December rather than that ending in March, and all other financial comparisons it supplied yesterday were with the year to March 31 1988. On this basis, the 1988 pre-tax profits were 20 per cent, and earnings per share 21 per cent, higher.

The strength of sterling took £3m from the pre-tax figure. There is a final dividend of 13.55p (10.85p), making 19.8p (16.8p) for the year. Redland said it was confident of the outlook, pointing to its low exposure to housing in the UK - which accounts for under 10 per cent of group profits, its strengths in repair and maintenance markets, and its broad spread of businesses across the world. The company is planning capital expenditure of about £100m, up from £120m, in the current year. The contributions of the various divisions to operating profits were as follows: roofing put in £80.2m (£75.5m), 88p/w; gates £26.2m (£26.1m) and bricks £28.5m (£26.4m), with the balance - chiefly the stake in British Fuels, disposed of last December for £70m cash - coming out at £21.1m (£20.2m). The roofing companies in all areas of the world experienced good demand.



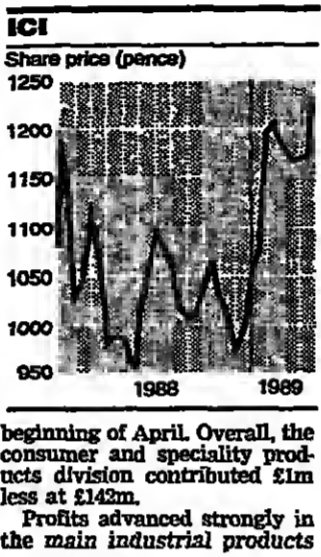
Redland Bricks in the UK operated to full capacity throughout the year, while brick profits in the Netherlands were hit by overcapacity. In December Redland formed a joint venture with CSR of Australia to acquire PGE, an Australian brick producer. On its joint venture with CSR to supply plasterboard into the UK market, which is

ICI beats City forecasts in first quarter

By Vanessa Houlder

IMPERIAL CHEMICAL Industries, the UK's biggest chemical company, yesterday surpassed analysts' expectations by announcing a 23 per cent rise in pre-tax profits for the first quarter of 1989. Pre-tax profits reached £142m (£358m), which represents a 30 per cent rise from the £340m scored in the last quarter of 1988. The company said the results demonstrated its strength and momentum. The next quarter promised to be satisfactory, it added. Analysts' forecasts had ranged between about £300m and £410m, so the figures resulted in a 34p rise in the share price to 1232p. Turnover increased by 9 per cent to £3.21bn, 5 per cent of which was accounted for by price rises and 4 per cent was due to growth in sales vol-

umes. The improvement was due to a good performance from nearly all the group's main businesses, which reinforced the normal seasonal upswing in the agriculture division. The strength of the pound weakened profits by about £20m-£25m. However a decline was registered by other effect products, which fell from £54m to £31m as a result of pressure on margins in films and higher development costs in its image data and advanced materials businesses. The pharmaceutical division performed well with pre-tax profits rising from £73m to £93m. However, the underlying growth was accentuated by strong demand ahead of a price increase and the introduction of a sales tax in Japan at the



business to £225m (£173m) as demand remained strong. After last year's restructuring, fertilizers moved from a loss of £9m to a profit of £2m. This helped the agriculture division increase profits from £34m to £57m. Earnings per share increased from 31.5p to 39.2p. ICI also announced yesterday the acquisition of Avalon Chemical Company, which formulates polyurethane chemicals for footwear applications, from C&J Clark. The acquisition, which has a turnover of £25m is expected to provide increased geographic market coverage and broaden the product range of ICI Polyurethanes. Avalon's strength in the casual shoe and work boot market is expected to complement ICI's strength in the sport shoe sector. Earnings per share increased from 31.5p to 39.2p. ICI also announced yesterday the acquisition of Avalon Chemical Company, which formulates polyurethane chemicals for footwear applications, from C&J Clark. The acquisition, which has a turnover of £25m is expected to provide increased geographic market coverage and broaden the product range of ICI Polyurethanes. Avalon's strength in the casual shoe and work boot market is expected to complement ICI's strength in the sport shoe sector.

Adviser takes option over 29.9% in Lodge Care

By Andrew Hill

GAMESTADEN, which acts as adviser to Mr Shiraz Kassam, the majority shareholder in Lodge Care, yesterday sealed its relationship with the nursing and residential care home operator by taking an option over a 29.9 per cent stake. At the beginning of last month, Lodge Care announced

it had received a bid approach and informal discussions took place with Pavilion Leisure, which owns theatres, golf courses and a hotel, and with Mr George Martin, the former LandLeisure chief executive who now heads Pavilion. But Mr Stephen Alexander, Lodge Care's chairman and a director of Gamlestaden, said

Lodge Care had eventually decided the bank should take a stake and a stronger management role, as it had done in the past with Bullough, the diversified engineering group. Gamlestaden, the London arm of Nobel Industries' Swedish banking operation, advised Mr Kassam's family trust and Dr Richard Ng, when they took

control of USM-quoted Lodge Care last July. They now hold about 70 per cent and Gamlestaden has an option to buy shares from Mr Kassam at 170p. The shares closed yesterday at 177p, up 3p. Mr Allan Jones, Gamlestaden's managing director, is also joining Lodge Care's board.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
AMEC	10.75	July 2	8.25	17	13
Bertrams Inv Tr	0.9	-	0.75	1.65	2.2
Clarkson (H)	4	-	3.25	7.25	10.8
Clarks Singapore	5	June 30	2	7	10.8
Executive Clothes	nil	-	1.5	1.5	7
Fenner (JH)	3.2	July 3	3	6.2	7.5
Five Oaks Inv	0.8	-	nil	0.8	1.25
Jerrym Invest	2.9	-	2.5	5.4	7.5
Jersey Invest	13.65	July 24	10.85	24.5	15.85
Scott Mot Prop	2.25	-	2	4.25	5.1
Sherwood Compts	nil	-	3	3	4.5
Smallshaw (R)	2.25	-	2.25	4.5	3
S&J Stores	5	-	2.75	7.75	4.4
TV-cas	5	June 9	3.5	8.5	4.5
Wellcome	1.3	June 15	1	2.3	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.

BOARD MEETINGS

Company	Date
AMEC	June 1
Bertrams Inv Tr	June 1
Clarkson (H)	June 1
Clarks Singapore	June 1
Executive Clothes	June 1
Fenner (JH)	June 1
Five Oaks Inv	June 1
Jerrym Invest	June 1
Jersey Invest	June 1
Scott Mot Prop	June 1
Sherwood Compts	June 1
Smallshaw (R)	June 1
S&J Stores	June 1
TV-cas	June 1
Wellcome	June 1

SHARE STAKES

The following changes in company share stakes were announced recently: Haynes Publishing Group - JH Haynes, a director, has disposed of 10,000 ordinary, reducing the holding to 3.06m (61.1 per cent). Morgan Grenfell Group - Dewey Warren Holdings is interested in 9.23m (6 per cent). Multitone Electronics - Mr Ian Karten, a director, has acquired 330,000 ordinary, increasing his holding to 7.38m (49.22 per cent). Penton - Prudential Portfolio Managers has acquired 450,000 ordinary through a change in funds under management and now holds 5.52m (5.63 per cent). Plumb Holdings - Raine Industries has raised its holding to 2.01m ordinary (16.05 per cent) with the acquisition of 103,000 at 268p each. Randsworth Trust - Priest Mariani has bought 2.41m ordinary (42 per cent) for £5.5m cash. Really Useful Group - Mr Andrew Lloyd Webber has disposed of 135,000 ordinary at 640p each, reducing his holding to 4.22m (38.1 per cent).

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Index growth in subscribers

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*The 1984 figures are estimates

We've had a busy few days at Kleinwort Benson

ABBEY NATIONAL
Abbey National received the overwhelming support of its members for its plans to become a public limited company. We are advising Abbey National on its proposed conversion and flotation.

BEECHAM
Beecham and SmithKline Beckman announced merger proposals to create one of the world's largest pharmaceutical and health care companies. We are advising Beecham.

MAGNET
A management buyout team announced a recommended offer for Magnet. We are advising Magnet's independent directors.

BOWATER INDUSTRIES
We made a recommended offer, on behalf of Bowater Industries, for Viking Packaging Group. The cash alternative values Viking at £16.4 million.

STEEL BURRILL JONES
We made a recommended offer, on behalf of Steel Burrill Jones, for the Devitt Group. The offer values the Devitt Group at £20.6 million and we have underwritten a cash alternative.

UNITECH
Unitech announced the acquisition of Wells Electronics Inc of the US, for US\$20 million. Unitech has financed the acquisition by a vendor placing of ordinary shares. We advised Unitech on the acquisition and the placing.

BASS
Bass issued £150 million of 10 3/8 per cent Debenture Stock 2016 as the initial tranche of a £250 million issue, the largest long-dated corporate bond issue this year. We are lead manager to the issue.

BUDGENS
William Low made a £155 million recommended offer for Budgens. We are advising Budgens.

NORDIC CONSTRUCTION COMPANY
NCC, of Sweden, a subsidiary of the Nordstjeran Group, has purchased 30 per cent of the share capital of Denmark's largest construction company, Rasmussen & Schiøtz. We advised NCC and its parent company.

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UK COMPANY NEWS

Enlarged AMEC surges to £61.6m

By Clare Pearson

AMEC, the engineering and construction company, which paid £130m to buy Matthew Hall last November, saw its pre-tax profits rise by nearly 80 per cent to £61.6m, on an increase in turnover from £798.6m to £1.31bn, in the year to end-December.

Mr Alan Cockshaw, chairman, said 1988 had seen AMEC take "important strategic strides. These were its £83m rights issue, its May purchase of the remaining 50 per cent of Fairclough Homes, and the acquisition of Matthew Hall."

He said the company's order book for the current year stood at a record level, reflecting the wide range of engineering and construction skills it now had.

Although growth on the housebuilding side was not expected to be strong, the company's presence in the north of England, where the market was still buoyant, was a help factor.

Overseas, the Matthew Hall

acquisition, which had now been brought into one with AMEC, had substantially enhanced the company's presence in the US and Australia. In Europe, Amec now had operations in Holland and France, and had recently established a joint venture company in Portugal, which Mr Cockshaw said might be the first of a number of other such moves.

Some delays on the civil engineering side, meant building and civil engineering provided pre-tax profits of £17.8m (£18.2m) on turnover of £610m (£671.5m). Mechanical and electrical engineering put in £12.1m (£7.7m) on £437.8m (£247.4m), and property development and housing £28.8m (£8.6m) on sales of £249.7m (£54m).

A near two-month contribution from Matthew Hall gave £2.9m to the pre-tax line, and £95.4m to turnover. Elimination of internal trading and



Alan Cockshaw, chairman: the order book is at a record level

share of turnover of related companies produced the final figures.

On a fully diluted basis, earnings per share moved ahead from 84p to 47.8p. The final dividend is set at 10.75p

(8.25p) making 17p (18p) for the year.

COMMENT

The wisdom of the Matthew Hall acquisition was never really in doubt, but if validation were needed yesterday's news that AMEC had already managed to take £5m worth of costs out of the group since it was bought certainly provided it. The company is widely admired, not least because its assertion that its extremely broad range of activities is without compare among UK quoted companies is actually true. Aside from the competitive edge with which this distinction provides it, its geographical configuration and prowess at systems and controls are also plus points. This year should see pre-tax profits rising healthily to about £105m: after a run-up recently, the shares, on a prospective 1/2 of just under 8 are still not expensive.

Plessey formulates alternatives against GEC/Siemens bid

By Hugo Dixon

PLESSEY, the embattled UK electronics company, yesterday said it was reviewing various alternatives to a bid by the General Electric Company of the UK and Siemens of West Germany in order to maintain its independence.

It also said it was considering publishing its preliminary profits earlier than the scheduled date of May 25.

Plessey's statements came in two separate communications, one sent to employees and the other sent to shareholders.

The letter to employees said: "Our determination to fight to maintain our independence is as strong as ever. You can be quite sure that the independence of Plessey is far from

lost and a number of key factors should give you confidence."

It went on to say the company was considering "credible" alternatives to a renewed GEC/Siemens bid, but did not spell these out on commercial grounds. In the past, Plessey has considered demerging its telecommunications operations from the rest of its businesses as a means of escaping from the Anglo-German consortium.

The letter to shareholders said Plessey was taking steps so that it could make an early announcement of its results for the year to the end of March. It said they could be published in early May, but that no final decision had been made.

Fitzwilton makes further acquisitions

By Clare Pearson

FITZWILTON, the Irish investment company, yesterday said it planned to pay £14.8m (£12.4m) for two freezer manufacturers, in a move that comes less than two weeks after it announced an agreed £3.8m bid for UK car dealer Keep Trust.

The consideration for P.J.D. Investment Company, holding company for freezer concerns Press-O-Matic and Novum (Overseas), will be satisfied as

£7.4m in cash and £7.4m through the issue of 5.3m Fitzwilton ordinary shares, to be retained by the vendors.

There is a deferred payment of £19.2m depending on the two companies' profitability up to December. They made £1.9m after tax in the year to year to end-June 1988.

Fitzwilton also announced yesterday results for the 18 months to end-December, showing a rise in turnover to

£21.35m (IS247,000), and in pre-tax profits to £5.26m (IS541,000), reflecting its vigorous expansion.

Fitzwilton plans to dispose of Keep Trust's non-motor interests.

BP to pay dividends every quarter

At British Petroleum's annual general meeting, Sir Peter Walters, the chairman, told shareholders that in future the company would pay quarterly dividends in a move designed to encourage greater acceptance of the group's equity in the US.

Executex falls to £0.4m

PRE-TAX PROFITS at Executex Clothes, the manufacturer and retailer of tailored clothing, fell from £546,400 to £442,700 in 1988.

The decline follows last week's warning by directors about the group's performance in the current half-year, which sliced 20p of the share price. The profits decline was due

to a larger than expected loss of \$453,000 (£266,000) by Donald Cohen & Co, a US subsidiary, directors said.

Turnover rose to £7.89m from £6.88m but earnings per share dropped to 7.5p from a restated 11.5p. The company is passing a final dividend, leaving the total for the year at 1.5p, half last year's total.

The issues detailed below will only become effective upon the approval of the Resolutions, affecting the same, by shareholders at the Extraordinary General Meeting of the Company convened for 4th May 1989. This notice is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an invitation to the public to subscribe for or purchase any securities.

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In addition, Warrants to subscribe for 2,274,812 Shares of 10 pence each will be issued.

Application has been made to the Council of The Stock Exchange for all of the New Shares of 10 pence each, the Warrants and the existing Shares of 10 pence each to be admitted to the Official List. It is expected that, subject to the passing of the Resolutions at the Extraordinary General Meeting of the Company convened for 4th May 1989, such Shares and Warrants will be so admitted on 5th May 1989 and that dealings will commence on the same day.

Particulars relating to The Ex-Lands P.L.C., which have been prepared on the basis that the Resolutions to be proposed at such Extraordinary General Meeting have been adopted and thus the acquisition of Cadbury House Limited (anticipated to occur on 2nd June, 1989) has been completed, will be available in Excel Financial Limited's statistical service and copies of the listing particulars may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 12th May, 1989 and for collection only, from the Company Announcements Office of The Stock Exchange, 48-50 Finsbury Square, London EC2A 100 and up to and including 12th May, 1989 from:

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London EC1Y 1BQ.

Brown, Shipley & Co. Limited,
Founders Court,
Lothbury,
London EC2R 7HE.

J.M. Finn & Co.,
Salisbury House,
London Wall,
London EC2M 5TA.

28th April, 1989

Japanese stockbroker to take stake in Oceana

By Andrew Hill

DAINANA SECURITIES Company, a Japanese stockbroker, is to take a stake in Oceana Consolidated Company, the financial services and investment group. The UK group is also holding a one-for-five rights issue to fund development of its stockbroking business.

The Japanese company is to use Charles Stanley, a private client stockbroking firm, which Oceana bought last September, for its London sharedealings. Dainana will also act as preferred underwriter for the

rights issue, leaving it with between 8.7 and 10.9 per cent of Oceana's enlarged equity.

The rights issue will be made at 85p, rising yesterday's closing price of 69p, up 2p, and should raise £300,000.

Mr David Howard, Oceana's managing director, and his family, Mr Michael Clark, another director, and Queen Street Securities, which together hold 88.9 per cent will renounce 681,860 of the 769,000 shares to which they are entitled in the rights issue, in favour of Dainana.

James Dickie bid fails

By Clare Pearson

THE BID by a consortium of shareholders to seize boardroom control at James Dickie, Ayrshire-based drop forgings maker, failed yesterday when a majority of shareholders voted against the scheme at the annual meeting.

Mr Kenneth Dickie, chairman, said shareholders had convincingly rejected the attempt by the London-based consortium, called Specialist

Holdings, to replace the four retiring directors.

The shares finished the day 7p lower at 143p.

Mr Dickie has said he expects a return to profits in the current year after last year's deepened deficit of £32,000 (£213,000).

Specialist Holdings, headed by Mr Keith Daley, a former merchant banker, holds about 7 per cent of the shares.

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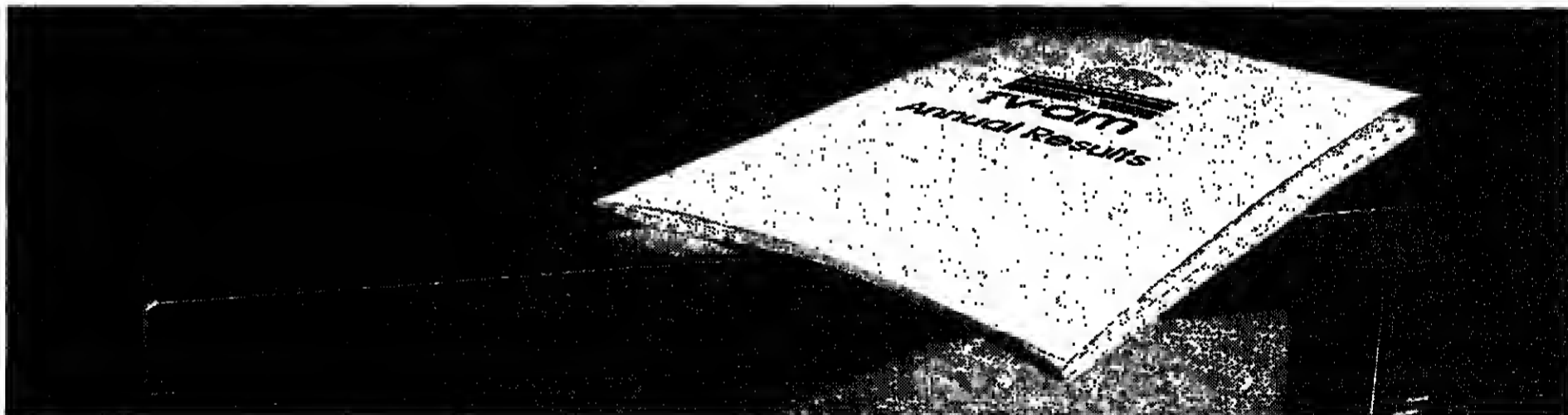
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Dividends	up 44%

'Profit before taxation for the year ended 31 January 1989 rose from £13.6m to £20.1m, an increase of 48 percent. Turnover increased from £54.7m to £65.3m, a 19 percent rise. Earnings per share were 19.6p, (1988 15.9p). A proposed final dividend of 5p (1988 3.5p) will be paid to shareholders. The increase in turnover shows that we continue to deliver a young, high spending audience and we have firmly kept our position as the most successful breakfast television service.

Our operating costs have remained broadly the same over the past two years despite the considerable investment in new technology and improvement in programming quality.

I have no doubt that as an independent, tried, tested and successful alternative supplier of TV news we will be in an excellent position to take advantage of all the new opportunities.

EXTRACTS FROM THE CHAIRMAN'S STATEMENT.

Copies of the annual report and accounts will be available from May 8 from the Company Secretary, TV-am, Hawley Crescent, London NW1 8EF.



TV-am
Fresh every morning

The contents of this statement, for which the directors of TV-am pic are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co, as an authorised person.

UK COMPANY NEWS

TV-am beats best hopes with 48% rise to £20.1m

By John Riddling

TV-am, the ITV franchise holder for breakfast television, yesterday announced taxable profits of £20.1m for the year to the end of January, an increase of 48 per cent over the previous year, and around £1m in excess of market expectations. Its shares climbed 5p to 206p.

The basis of the improvement lay in a combination of buoyant revenues and controlled costs and was achieved despite a sharp increase in the exchange rate, from £8.5m to £13.9m.

TV-am is, however, expected to benefit from the new levy system, to be introduced in 1990, which will be based on revenue as well as profits. On the basis of last year's figures, the company estimates it would have saved £2m.

Turnover grew by £10.5m to £55.2m last year on the back of a 19.2 per cent improvement in advertising revenues. Costs grew by under 2 per cent, reflecting savings achieved by staff cuts which prompted a bitter labour dispute.

Earnings per share increased from 15.5p to 19.6p, despite a more than doubling in tax payments to £7.3m which resulted from the ending of a tax holiday. A final dividend of 5p is recommended, giving a total for the year of 6.5p (4.5p).

Mr Ian Irvine, chairman, described the year as the most successful in the company's history. He said that "the increase in revenue shows we continue to deliver a young, high-spending audience".

With respect to the white paper, Mr Irvine said that even though the proposals contained no guarantee of a breakfast television franchise the company was confident of its continuation.



Ian Irvine: the increase in revenue shows we continue to deliver a young high-spending audience

He added that there was also the possibility of bidding for the new Channel 5 franchise.

TV-am is responsible for selling advertising for the new breakfast programmes launched by Channel Four at the beginning of this month.

However, the company does not expect the revenues from this source to outweigh the costs of its Channel Four subscription costs in the current year.

Mr Irvine said that it was too early to know the full advertising and viewing implications of the new service, but that figures for the first week of April showed audience levels of 7m, compared with 15m for TV-am.

COMMENT
If financial 1989 was TV-am's most successful year it was also the company's most difficult. That it has come through

its challenges is clear from the numbers, and in particular from the operating profit margin of 46 per cent. Moreover, the levy benefits provided by this profitability provides the prospect of a significant boost in 1990.

Continued revenue growth and additional interest receipts of around £1m, should more than compensate the constraint provided by breakfast Channel Four and bring profits of around £23.5m. As with all TV contractors, however, the longer term is more of a gamble.

TV-am's very success means that it may face stiff competition for a new breakfast franchise and provides some justification for the opportunity cost suffered by its £24m cash holdings.

Further justification is provided by the unsuitability of diversifying outside television although expansion within its current activities would be welcome. Despite these caveats, the next few years - and particularly financial 1991 - should be lucrative. As a result, the present rating of nine seems reasonable value.

Everest shares slip 37p as directors warn of profits fall

By Philip Coggan

SHARES IN Everest Foods, the food manufacturing group, plummeted 37p to 138p yesterday after the group warned that the salmonella in eggs scare would cause profits to be "considerably lower" than analysts' forecasts.

Everest warned at the time of its interim results in March that profits would be affected by the salmonella scare which was prompted by remarks made by Mrs Edwina Currie, the former junior health minister.

That warning caused analysts to revise full-year profit forecasts down from £2m to £1.2m, but the company says that now even those estimates are too high.

Everest says that the group made a loss in the three-month period to mid-February. Following a slump in egg prices, the company slaughtered almost 90,000 hens, a quarter of its flock.

In addition, the mild winter affected sales of chips, the group's other main business, and profits in that division in the three months to mid-February were slightly lower than the same period last year.

Egg prices are now starting to rise as retail demand is returning to normal levels. The board says it remains confident about the future of the group and expects its egg-producing subsidiary to return to profitability.

Another acquisition for Systems Reliability

By Philip Coggan

SYSTEMS RELIABILITY, the computer systems and telecommunications group now being revamped by former Hillsdown executive Mr Robert Evans, has made another acquisition.

Systems has agreed to buy Chase International Computer Services, which installs and reconfigures IBM mainframe computers, for a maximum of £7.5m. Chase, which is based in Feltham, Middlesex, made pre-tax profits of £38,000 in turnover of £2.2m in the year to March 31 1988.

Initial consideration will be £5m, in the form of an ordinary share, of which 2.4m have been placed by Phillips & Drew on behalf of the vendors. Further consideration will be dependent on future profits.

Since Hillsdown Investment Trust, the investment subsidiary of foods group Hillsdown Holdings, moved into Systems last year, the company has been merged with Fletcher Denny Systems, a microcom-

puter systems dealer, and has made several acquisitions. Systems now has three divisions - corporate computers, telecommunications, and maintenance reconfiguration.

Last week, Systems announced pre-tax profits of £1.4m for 1988; its brokers are forecasting pre-tax profits of around £7.5m this year. The shares closed unchanged at 130p.

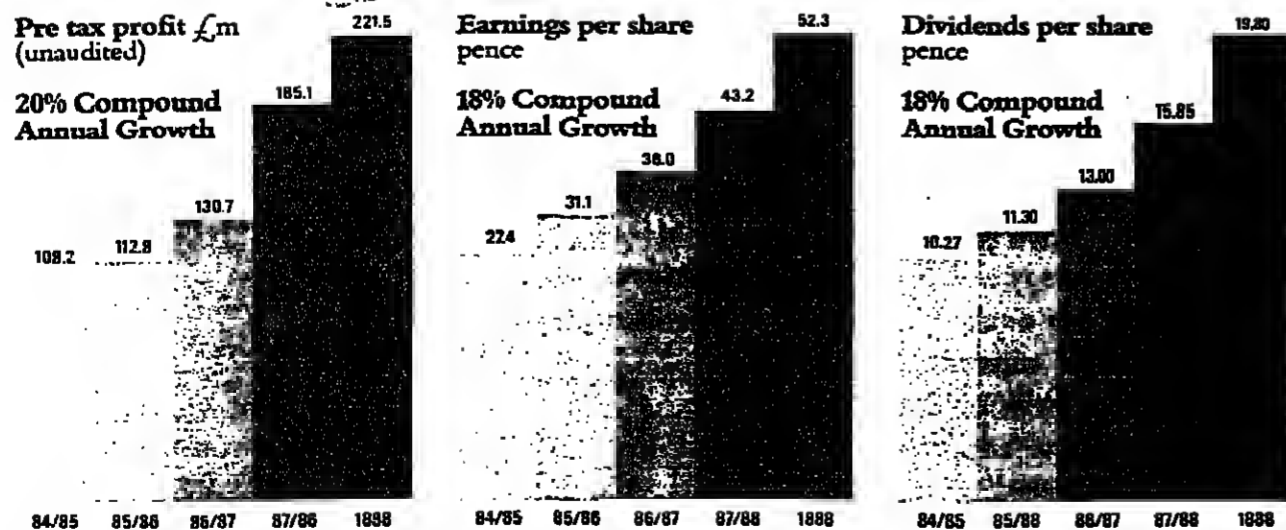
Horace Clarkson

Horace Clarkson, the shipping and insurance broking group, announced a 47 per cent increase in pre-tax profits for the year to December 31. On turnover ahead from £28.1m to £31.1m, the taxable result rose to £5.1m against £3.4m.

Earnings per share improved to 18p (10.1p) and the directors are recommending a final dividend of 4p (3.25p) for a 6.25p (5.25p) total. Tax was £1.8m (£1.45m).

Redland reports...

- * Pre tax profit up 20%
- * Earnings per share up 21%
- * Final dividend up 25%
- * Return on capital employed 25.5%
- * £160m planned capital expenditure for 1989
- * A good start to the current year.



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Redland

Construction Materials Worldwide

Provident pays £7.5m for UDS offshoots

By David Barchard

Provident Financial Group has purchased the "wholes" of the issued share capital of John Blundell and Lawson Fisher from UDS Group for £7.5m in cash.

This is Provident's second acquisition since the New Year, following its purchase of Erringham Holdings in February for £13.5m.

Blundell and Lawson Fisher specialise in selling clothing and household goods on credit through 59 branches in England and Scotland. Both companies are based in Glasgow.

Their joint turnover in the year ended September 30 1988 was £43.9m, while their net assets are valued at £10m after taking into account bank overdrafts of £13.5m.

Mr Edward Davies, the managing director of Provident, said yesterday that the two companies would complement the range of credit services the group was able to provide.

More than 1.25m households now receive the group's home-based credit services.

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April 1989

TOTAL COMPAGNIE FRANÇAISE DES PÉTROLES			
Consolidated financial statements at 31 December 1988			
During its meeting of 26 April 1989, the Board of Directors reviewed the 1988 consolidated financial statements of the TOTAL Group, as certified by the corporate auditors. The main items are as follows:			
In millions of French francs (MFF)	1988	1987 (*)	1987
	New accounting methods		Before restatement
Turnover	82,290	86,743	87,882
Funds generated from operations	7,153	6,428	6,647
Funds from operations (excluding stockholding effect)	7,769	6,206	6,427
Consolidated result	1,955	1,275	1,550
Minority interests	476	(41)	94
Net result (TOTAL CFP share)	1,479	1,316	1,456
Net result (TOTAL CFP share excluding stockholding effect)	2,069	1,196	1,336

(*) In accordance with the decree implementing the French law on consolidated financial statements, certain changes were made to accounting practices in 1988. The 1987 figures have therefore been restated for comparison purposes.

Net result excluding stockholding effect considerably improved. Net accounting profit (Group share) was F 40.7 per share in 1988 against F 36.3 in 1987. The reversal of the stockholding effect makes it difficult to compare the accounting results from one year to the next. As a consequence of the downturn in prices in 1988, the stockholding effect F 220 million in 1987 (of which 120 for the TOTAL CFP share).

Excluding stockholding effect, the net result (Group share) improved by 72% against 1987. The capital gain on sales of assets were F 0.6 billion in 1988 against F 1.6 billion in 1987; the latter included a capital gain of F 1.1 billion on the disposal of assets for the Italian downstream subsidiary.

Improvement on the refining side; contraction of the upstream side; good performance in chemicals and in financial activities.

The ongoing rationalization of the downstream sector helped to boost operating results. The refining margins which were very poor at the beginning of the year showed a marked recovery in the second half. This phenomenon made these activities profitable abroad and, in France, improved the results of the subsidiary.

On the upstream side, results, while remaining positive, were affected to some extent by the downturn in prices.

The Group's diversification activities made a greater contribution to the overall result than in 1987, thanks to the significant improvement in the performance of the chemical and chemical-related sector (HUTCHINSON) and of the financial holdings, as well as to substantially reduced losses in the Group's investments were especially large in 1988, with, in particular, the purchase of the US corporation CSX OIL AND GAS. Their gross amount was F 1.4 billion against F 8.5 billion in 1987.

UK COMPANY NEWS

Olim Convertible joins main market via placing

By Clare Pearson

OLIM CONVERTIBLE Trust, the first investment trust solely devoted to investment in UK convertible securities, has joined the main market via a placing which raises approximately £24.65m.

The trust has a split capital structure - a device which enables investors to choose between capital growth and a high initial yield. It comprises 10m zero coupon preference shares and 15m ordinary shares, both of which have been placed at £1 each. In addition, a £5m debenture stock,

carrying an 11.39 per cent coupon, has been issued.

The initial net asset value of the preference shares is equivalent to the placing price, while the ordinary shares are being placed at a 2.3 per cent premium. OCT expects the dividend payable on the ordinary shares for the year to end-December will be not less than 5p net per share.

The managers of OCT will be Mr Matthew Oakeshott and Ms Angela Lascelles, joint owners of three-year old investment management concern OLIM.

Good second half lifts S&U to near £2m

OCT is expected to be wound up in 11 years' time.

After rapid growth in the period since the stock market crash, the market value of domestic convertible loan stocks and preference shares is now estimated to stand at some £9m.

Rowe & Pitman arranged the placing, which by virtue of its split structure circumvented the Stock Exchange rule which normally limits placings to a maximum size of £15m.

THE second-half improvement predicted at the halfway stage by S&U Stores, which has interests in retail credit, television rentals and the manufacture of hosiery, converted a £22,000 fall in interim profits into a £148,000 rise for the full year.

The taxable result for the 12 months to January 31 was £1.50m and was achieved on turnover slightly ahead at £38.06m (£37.77m). Tax took £717,000 (£670,000), leaving earnings up at 11.11p (10.16p) per share. The final dividend is 3p (2.75p) for a total of 4.25p (4p).

The chairman said that the group's balance sheet had been strengthened during the year and that this would continue. He added that current trading was encouraging and that hire purchase and TV rentals had advanced along with the company's financial services division. The increased volume of trading, despite higher interest rates, should be reflected in improved results in the current year, he said.

Fenner advances to £5.45m

BUOYANT trading conditions in the power transmission market coupled with strong performances in the US, Australia and South Africa helped JH Fenner, the manufacturer of power transmissions and conveyor belt equipment, to achieve a 20 per cent increase in pre-tax profits in the half year to March 4 1989.

The pre-tax profits of £5.45m (£4.33m) came from turnover up from £33.95m to £38.08m. After UK and overseas tax totalling £2.06m (£1.92m) earnings per share worked through at 8.94p (6.42p), adjusted to reflect the impact of the recent rights issue, or 9.17p (6.66p) unadjusted.

The interim dividend is

raised to 3.2p from 3p last time.

Mr Peter Barker, chairman, said the rights issue had strengthened the group's equity base by £16.2m and the result had been achieved in spite of the rises in UK interest rates and a softening in demand from the UK mining sector.

SHARE STAKES

The following changes in company share stakes were announced recently:

Alphameric - Scottish Amicable Investment Managers now holds 1.98m ordinary (10 per cent).

Anglesey - Imperial Metals Corporation has reduced its holding to 9.67m (47.8 per cent) with the disposal of 913,623 ordinary.

AT Trust - Mr Robert Ballinger has sold 700,000 ordinary, reducing his holding to 3.9 per cent.

BBB Design Group - Mr P O'Donnell, a director, has bought 22,000 ordinary at 28p apiece and 100,000 at 30p to bring his holding to 5.04m (60.86 per cent). He also continues to hold jointly in trust 209,000 (2.52 per cent).

Bellwinch - Scottish Amicable Investment Managers now hold 2.43m ordinary (7.88 per cent).

British & American Film Holdings - Authority Investments has purchased 26,850 ordinary, increasing its holding to 400,000 (20 per cent).

Caffyns - CJ Giltrap has acquired 25,000 shares for a total holding of 375,250 (8.33 per cent).

Canadaver Investments - CRE Brooke, a director, has dis-

posed of 70,000 ordinary at 65p each, reducing holding to 500,000 (8.76 per cent).

Dares Estates - The company has bought 1.25m of its own ordinary at 32p apiece, bringing its cumulative purchases to 2.25m.

Davy Corporation - Abu Dhabi Investment Authority has disposed of 2.85m ordinary for a reduced holding of 7.65m (7.74 per cent).

Dean & Bowes Group - Mr Stephen Dean, a director, has disposed of 132,000 ordinary for 176p each, reducing his holding to 4m (29.4 per cent).

Dakeminstar - Establishment Fintal increased its holding to 40.4m ordinary (56.31 per cent) with purchase of 464,636.

Excalibur Jewellery - Provident Mutual Group has raised its holding to 2.15m ordinary (8.26 per cent) with acquisition of 400,000 of the shares are registered in the names Provident Mutual Group and Provident Mutual Manager Pension Funds.

FII Group - Providence Capital Portfolio Managers now hold 680,000 ordinary (5.22 per cent).

Fosco - Prudential Corporation has reduced its holding to 6.33m ordinary (7.57 per cent) with the disposal of 355,000.

NOTICE OF OPTIONAL REDEMPTION

to the Holders of

TOSHIBA CERAMICS CO., LTD.
U.S. \$30,000,000 3 1/2 per cent. Convertible Bonds 1994 (the "Bonds")

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(B) of the Bonds, Bondholders are entitled, at their option, to redeem all or part of the Bonds held by them on 30th September, 1989 at a Redemption Price of 105 per cent. of the principal amount thereof, together with accrued interest to 30th September, 1989.

To exercise the above option, Bondholders should complete, sign and deposit at their own expense, at any time on or after 1st July, 1989 but prior to 1st August, 1989, a notice of redemption together with all Bonds to be redeemed at any of the following Paying Agents during normal business hours:

- The Mitsui Bank, Limited
30-35 King Street, London EC2V 8ES
- Credit Lyonnais
19 Boulevard des Italiens, 75002 Paris
- Deutsche Bank Aktiengesellschaft
Tannusstrasse 12, 6000 Frankfurt 1
- The Industrial Bank of Japan, Limited
Bucklersbury House, 14 Walbrook, London EC4A 3BR
- Kreditbank S.A. Luxembourg
43 Boulevard Royal, L-2956 Luxembourg
- Morgan Guaranty Trust Company of New York
Avenue des Arts 35, B-1040 Brussels
- Nomura International plc
Nomura House, 24 Mooneat Street, London EC8R 8AJ
- Union Bank of Switzerland
Belairstrasse 45, CH-8001 Zurich

All Bonds deposited for redemption as aforesaid should be accompanied by all Coupons appertaining thereto maturing on or after 30th September, 1989 failing which the Bondholder must pay to the relevant Paying Agent an amount equal to the face value of the missing unmaturing Coupons at the time of deposit, and any amount so paid will be repaid as provided in the Conditions of the Bonds against surrender of the relevant Coupon at the specified office of any of the Paying Agents.

A notice of redemption once deposited with any of the above Paying Agents shall be irrevocable and may not be withdrawn without the consent in writing of the Company. A copy of the notice of redemption may be obtained from any of the Paying Agents.

Notwithstanding the above, the Conversion Right attaching to any Bond which is deposited for redemption shall continue to be exercisable up to and including 29th September, 1989, at the conversion price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of ¥244.00 equals U.S. \$1.00) of ¥1,066.80 per share of Common Stock of the Company, subject to and upon compliance with the Conditions of the Bonds.

As at 24th April, 1989, the closing price of the Shares on the Tokyo Stock Exchange was ¥1,250.

The aggregate principal amount of Bonds outstanding as at 31st March, 1989 was U.S. \$450,000.

TOSHIBA CERAMICS CO., LTD.
Dated: 28th April, 1989

TARMAC DRIVES IN THE RIGHT DIRECTION

Turnover up 29% £2.8 billion

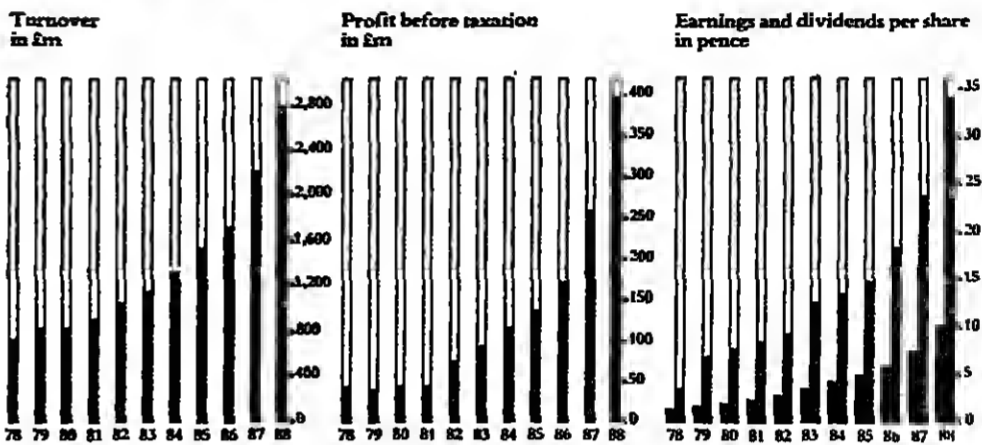
Pre-Tax Profit up 48% £393.1 million

Earnings per share up 46% from 23.5p to 34.3p



Group Chairman Sir Eric Pountain comments, "In the last ten years we have seen Tarmac's pre-tax profits grow from £26.5 million to £393 million on a turnover up from £752 million to £2.8 billion. Earnings per share have grown at more than 20% per annum in those ten years.

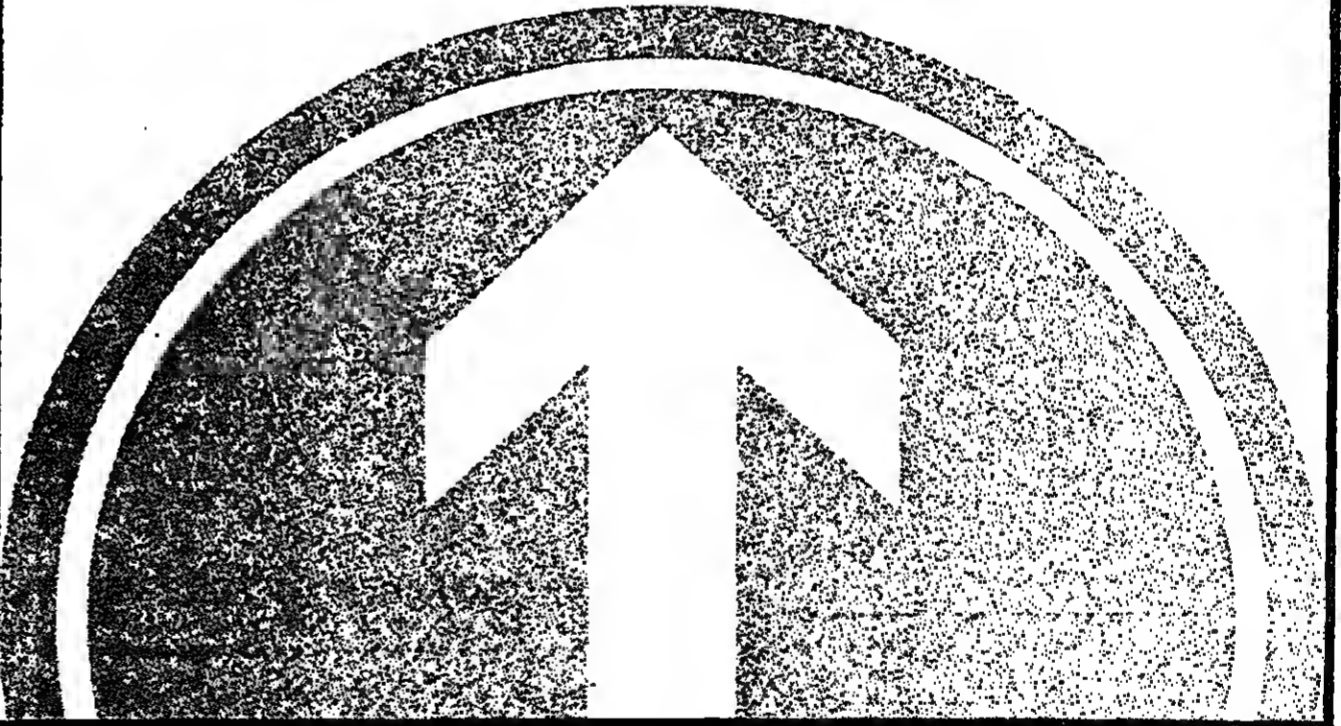
The group now includes the largest construction materials supplier, the largest private sector house builder and the largest building and civil engineering contractor in the United Kingdom. The 1988 results are testimony to the quality of the group's businesses and its reservoir of managerial talent."



Tarmac Group

Quarry Products, Construction, Housing, Building Materials
Industrial Products, Tarmac America, Properties

Copies of the 1988 Report and Accounts will be available on May 15th from the Secretary, Tarmac PLC, Hilton Hall, Hilton Lane, Essington, Wolverhampton WV11 2BQ.



OFFER ON BEHALF OF A WHOLLY OWNED SUBSIDIARY OF ISOSCELES PLC TO ACQUIRE ALL THE ORDINARY SHARES OF SP EACH IN THE GATEWAY CORPORATION PLC

S.G. Warburg & Co. Ltd. ("Warburgs") announces on behalf of DMWSL 032 PLC ("DMWSL"), a wholly owned subsidiary of Isosceles PLC, that, by means of a formal offer document dated 28th April, 1989 (the "Offer Document") being despatched today to shareholders of The Gateway Corporation PLC ("Gateway"), Warburgs is making an offer (the "Offer") on behalf of DMWSL to acquire all the Gateway ordinary shares. Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer comprises, for each Gateway ordinary share, 195p in cash. Eligible Gateway shareholders who accept the Offer may irrevocably elect to receive Loan Notes in respect of up to 35 per cent. of the cash consideration due to them under the Offer on the basis of £1 nominal of Loan Notes for every £1 of cash consideration. The full terms and conditions of the Offer and of the Partial Loan Note Alternative are set out in the Offer Document.

The Offer is not being made directly or indirectly in, or by the use of the mails or by any means or instrumentality (including, without limitation, the post, facsimile transmission, telex and telephone) of inter-state or foreign commerce or of any facilities of a national securities exchange of, the U.S.A. Persons wishing to accept the Offer should not use such mails or any such instrumentality for any purpose directly or indirectly related to acceptance of the Offer. The Offer does not extend to Gateway ADRs. The Loan Notes and the DMWSL Loan Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and accordingly are not being directly or indirectly offered, sold or delivered in the U.S.A. or to or for the account or benefit of any U.S. person.

Subject to the despatch of the Offer Document, the Offer will be capable of acceptance from and after 12 noon on 28th April, 1989. Subject to such despatch and with effect from that time, the Offer is by means of this advertisement extended to all persons to whom the Offer Document may not be despatched but who hold, or who are entitled to have allotted or issued to them, Gateway ordinary shares. Such persons are informed that copies of the Offer Document and the accompanying Form of Acceptance are available for collection from Bank of Scotland, New Issues Department, Second Floor, Broad Street House, 55, Old Broad Street, London EC2.

This advertisement is published on behalf of DMWSL and has been approved by Warburgs, which is a member of The Securities Association, for the purposes of section 57 of the Financial Services Act 1986.

The Directors of DMWSL are responsible for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts. The Directors of DMWSL accept responsibility accordingly.

28th April, 1989

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Momentum maintained



1989 First Quarter Results

The Group made an excellent start to 1989 with record pre-tax profits of £442m, an increase of £102m (30%) on the previous quarter and £84m (23%) above the first quarter of 1988. The key figures, with comparisons for 1988 are as follows:

	1st Quarter 1989	4th Quarter 1988	1st Quarter 1988
Turnover	£3,210	£2,992	£2,937
Profit on ordinary activities before taxation	£442	£340	£358
Earnings before extraordinary items per £1 Ordinary Share	39.2p	30.0p	31.5p

Details of the results are set out in the tables below.

The first quarter's results demonstrate the strength and momentum in ICI's portfolio. Nearly all of the Group's main businesses achieved higher profits than in the fourth quarter of 1988, reinforcing the normal seasonal upswing in Agriculture.

Group turnover in the quarter was 9% above the first quarter of 1988. Higher selling prices accounted for 5% of the increase while growth in sales volume added 4%. In Consumer and Specialty Products profits increased substantially in pharmaceuticals, reflecting strong growth in sales volumes, and paints continued to advance. However, these gains were offset primarily by pressure on margins in films and also by higher development costs in new businesses. Profits advanced vigorously in the main Industrial businesses as demand remained strong. In Agriculture the agrochemicals season has begun well; results from plant breeding have improved; and fertilizers traded at a modest profit, mainly due to improvement in the UK business.

The following table summarises the quarterly sales to external customers, profit before tax and earnings per share.

	Turnover	Profit Before Tax	Earnings per £1 Ordinary Share
1988			
1st Quarter	£2,937	£358	31.5
2nd Quarter	2,930	425	37.8
3rd Quarter	2,840	347	30.4
4th Quarter	2,992	340	30.0
Year	11,699	1,470	129.7
1989			
1st Quarter	3,210	442	39.2p

The tax charge for the first three months of the year amounted to £160m (first quarter 1988 £135m), comprising UK corporation tax of £60m (£53m) and £100m (£82m) in respect of overseas and related companies.

The unaudited trading results of the Group for the first three months of 1989, with comparative figures for 1988, are as follows:

1988	1989		1989
First Three Months	Year*		First Three Months
£m	£m		£m
672	2,705	Turnover	730
2,265	8,994	United Kingdom	2,480
		Overseas	
2,937	11,699	Total	3,210
359	1,470	Trading profit	433
121	484	After providing for: Depreciation	117
30	162	Income from related companies	51
-40	-162	Net interest payable	-42
358	1,470	Profit on ordinary activities before taxation	442
-135	-540	Tax on profit on ordinary activities	-160
223	930	Profit on ordinary activities after taxation	282
-10	-49	Attributable to minorities	-14
213	881	Net profit attributable to parent company	268
-	-44	Extraordinary item	-
213	837	Net profit for the financial period	268
		Earnings before extraordinary item	
31.5p	129.7p	per £1 Ordinary Share	39.2p

*Abridged results: full accounts with an unqualified audit report will be lodged with the Registrar of Companies after approval at the Annual General Meeting.

Trading results for the first six months of 1989 will be announced on Thursday 27 July 1989.

IMPERIAL CHEMICAL INDUSTRIES PLC

UK COMPANY NEWS

Ashley calls for £31.1m to fund two purchases

By Andrew Hill

ASHLEY GROUP, which last year acquired Diga, a Spanish food retailer, has bought another food distributor group in the country for a maximum of £19.9m. It is to balance the Spanish earnings with the acquisition of a Scottish window blind distributor for an initial £20.2m.

The purchases are mainly for cash, and the initial payments will be funded by an issue of new ordinary and convertible preference shares, raising about £31.1m. The group could eventually pay up to £54.9m in cash and shares for Apollo Window Blinds, depending on the company's profits in the four years to the end of 1992.

"We are an English public company, whose core business

is a Spanish company, so we have to look at getting a balance to the business," said Mr Tony Butler, Ashley chief executive, yesterday.

Mr Butler said Apollo, based in Glasgow, was in a strong growth area of the window dressings market, adding value to the supply of blinds, for instance by measuring and assembling the products for clients. It made £3.99m before tax in 1988, on turnover of £16.9m.

In Spain Ashley is buying Almacenes Castillo, based in the southern region of Andalusia, which has five supermarkets, five cash-and-carry outlets, 80 franchised grocery stores and number of independent traders.

It is paying an initial £9.5m in cash for the business, which

it said would complement Diga's Madrid and Catalonia operations. A further £10.4m will be paid in May 1990, funded from local currency borrowings by Diga.

In the 14 months to February 28, Castillo returned operating profits of £1.92m on sales of £40.5m.

Apart from 2.5m new ordinary shares being issued to Apollo's vendors as part of the payment, Ashley is offering its shareholders nine new ordinary shares for every 13 ordinary shares held and one convertible for every 20 ordinary shares held.

The new ordinary shares, priced at 65p against yesterday's closing price of 74p, up 1p, and the convertibles, at 10p, have been conditionally placed with institutional and other investors. A further 2.1m convertibles not in the open offer have also been placed, at the same price.

Ashley, formerly Ashley Industrial Trust, is headed by Mr Tony Butler, who said yesterday that both purchases would enhance earnings. He was planning director of Dee Corporation, now Gateway, and chairman of Diga, until last July when Ashley bought the Spanish supermarket and cash-and-carry chain from Dee and Mr Butler became the shell company's chief executive.

Lowndes Lambert pays £5m for broker

By Nick Bunker

LOWNDES LAMBERT, the medium-sized London insurance broker, has paid an undisclosed sum, thought to be about £5m, to buy fellow broker Chandler Hargreaves from Harrison & Crossfield, the overseas trading company.

The acquisition was completed yesterday and forms part of a strategy of developing Lowndes Lambert with a view to seeking a possible stock market flotation in about 1992, according to Mr Richard Shaw, its chief executive.

The specific aim of the Chandler Hargreaves acquisition though is to increase the group's exposure to the relatively stable UK retail insurance sector, which largely means catering for property and liability insurance for commercial clients.

For Lowndes Lambert, UK retail insurance made up only 30 per cent of its 1988-9 turnover of £30m, with much of the rest coming from more volatile types of insurance such as professional indemnity, marine and US property/casualty insurance.

With 260 staff and gross turnover of £6m, Chandler Hargreaves takes about 80 per cent of its business from UK retail sources.

Until last year, Lowndes Lambert was part of the Hill Samuel merchant banking group. After TSB Group's successful bid for Hill Samuel though, Mr Shaw put together a management buy-out of Lowndes Lambert last spring.

Five Oaks at £1.5m

Five Oaks Investments, property development and investment concern, reported pre-tax profits almost doubled from £808,911 to £1,524,000 for the six months to December 31, 1988. Turnover soared from £4.43m to £18.59m. Fully diluted earnings per 5p share were 2.22p (adjusted 2.22p).

This year the company has acquired an income producing property at Brentwood and entered a joint venture for an office development project in central Birmingham. The interim dividend is 0.6p (nil).

Growth slows at Daks

HIGH INTEREST rates and their adverse effect on exchange rates were behind the slowing in growth in the first half at Daks Simpson Group. In the six months to the end of January the tailor and clothier reported taxable profits ahead by 3.4 per cent.

On turnover higher by almost 5 per cent at £30.96m, profits were £2.41m (£2.33m).

Earnings per share were up from 23.3p to 23.6p and the interim dividend is again 3p.

The company recalled that in November it had expected a possible slackening of the rate of growth after the considerable expansion of the past few years. It added that it had continued with its major projects which had also had high start-up costs.

COMPANY NEWS IN BRIEF

CCA PUBLICATIONS: The recommended offer by ETV has been declared unconditional as to acceptances. The offer and the loan note alternative will remain open for acceptance until further notice. The partial share alternative will remain open until May 10 1989. By the first closing date, April 26, valid acceptances had been received by the holders of 10.6m CCA shares (95.65 per cent). Of these, elections for the partial share alternative and the loan note alternative were made in respect of 4.9m and 809,642 CCA shares respectively.

JERMYN INVESTMENT Co: Pre-tax profits £309,527 (£167,665) for 1988. Earnings 10.67p (8.82p) and unchanged single final dividend of 2.5p proposed. Net asset value 183p (142p).

LONDON & PROVINCIAL

Shop Centres (Holdings) property investment and development: Pre-tax profits £2.97m (£734,000) for six months to December 31 1988, net rents received £6.14m (£2.26m), interest paid £6m (£3.12m). Company is wholly-owned subsidiary of Randworth Trust.

QUAERO GROUP: On April 5 1989 shareholders were invited to apply for 4.9m shares of common stock of par value US\$0.10 each issued in connection with a placing for cash. Of the new ordinary, 2m shares were placed with investment institutions. The balance of 2.9m new shares were conditionally placed with investment institutions, subject to the offer. At the closing of the offer on April 26, valid applications had been received from shareholders in respect of 3.1m offer shares (106.6 per cent) conditionally placed. As a

result, valid applications by shareholders up to their minimum entitlements will be allotted in full.

R. SMALLSHAW (Knitwear): Pre-tax profits £358,104 (£440,247) for 1988 on turnover £10.11m (£9.49m). Tax £125,829 (£153,582) and earnings per 10p share 2.21p (1.46p) before extraordinary items. Final dividend 2.22p making 3p (same). Directors said that with big increase in sales expected in coming months, full year profits should show an improvement.

BERTRAMS INVESTMENT Trust's interim results showed revenue before tax substantially higher at £58,501 (£31,425) for the six months to March 31 last. Tax took £15,770 (£5,328) leaving earnings per 25p share at 1.35p (0.18p) for the interim dividend which is increased from 0.75p to 0.9p.

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Interest Amount per U.S. \$100,000 Note due 31st July 1989	U.S. \$2,660.07

Credit Suisse First Boston Limited
Agent Bank

Sherwood Computer in £1.97m loss and planning pref issue

By John Thornhill

SHERWOOD COMPUTER Services, the USM-quoted computer bureau and software development group, yesterday announced a pre-tax loss of £1.97m in 1988, compared with a restated £1.89m taxable profit made in the previous year.

The company also announced it is to raise £2.5m through the issue of 2.5m convertible preference shares at £1 each although they will not be quoted on the USM.

Directors said the proceeds would be used to ensure the group's asset base and provide additional funds for capital expenditure and working capital.

Three funds run by B&C Ventures, the venture capital subsidiary of British & Commonwealth Holdings, will subscribe for 1.3m shares. Sherwood's management will subscribe for 232,500, and the rest will be offered to existing shareholders up to a maximum of one convertible share for every five ordinary shares held. This offer will be underwritten by B&C Ventures.

Mr Richard Guy, Sherwood chief executive, said the company's loss in 1988 was mainly due to problems with two recently-acquired subsidiaries, Corporate Technology Group and Mitronix. CTG incurred a

loss of £1.78m in the first half of the year because of cost overruns on new software packages.

Sherwood has introduced management changes, reduced overheads and reached an agreement with ICL to collaborate closely in the local authority market. The group claimed the action taken over the last eight months had markedly improved its prospects.

Turnover in 1988 rose from £20.17m to £25.53m. The loss per share was 26.8p against earnings per share of 27.8p last time. The directors did not recommend a final dividend, although 4.5p was paid in 1987.

Scot Metro up 47%

Scottish Metropolitan Property, Glasgow-based property investment and development company, lifted pre-tax profits nearly 47 per cent from £3.8m to £5.58m in the six months ended February 15.

An interim dividend of 2.25p (2p) is declared, payable from earnings per 20p share up from 2.6p to 3.79p.

Net revenue from properties advanced to £5.53m (£5.26m) and the directors said the company was experiencing excellent tenant demand.

FINANCIAL TIMES

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CITICORP BANKING CORPORATION
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Notice is hereby given that the Rate of Interest for the period April 28, 1989 to July 28, 1989 has been fixed at 10.1375% and that the interest payable on the relevant Interest Payment Date, July 28, 1989 against Coupon No. 12 in respect of US\$10,000 nominal of the Notes will be US\$256.25.
April 28, 1989, London
By: Citicorp, N.A. (CSS Dept.), Agent Bank

ECU 150,000,000
IRELAND
Floating Rate Notes due 1997
Notice is hereby given that the Rate of Interest has been fixed at 9% and that the interest payable on the relevant Interest Payment Date, October 30, 1989 against Coupon No. 9 in respect of ECU 10,000 nominal of the Notes, will be ECU 462.50.
April 28, 1989, London
By: Citicorp, N.A. (CSS Dept.), Agent Bank

US\$ol 204,000,000
Floating Euro-dollar Repackaged Assets of the Republic of Italy due 1993
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For the period from April 28, 1989 to July 31, 1989 the notes will carry an interest rate of 10% per annum with an interest amount of US\$ol 2,611.11 per US\$ol 100,000 note. The relevant interest payment date will be July 31, 1989.
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- Worldwide new premiums rose to £950 million; UK pensions policies, company and personal, were particularly buoyant.

GENERAL INSURANCE

- Worldwide premiums grew by 18.5 per cent and passed the £1 billion mark for the first time.
- Pre-tax profit jumped by 54 per cent to over £110 million—more than three times the 1986 figure.
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- 800,000 claims were handled in the UK, with payments totalling £500 million.
- We continued to be the UK's largest motor insurer and launched major new products for retired motorists and vehicle fleet operators.
- A record dividend of £26 million was paid for the benefit of the UK life policyholders.

Copies of the Directors' Report and Group Accounts may be obtained from The Accountant, Norwich Union Insurance Group, P.O. Box 4, Norwich NR1 3NG.

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THE PROPERTY MARKET

The institutions reduce the pace

By Paul Cheeswright

The big trouble about property for the investing institutions is that they have not been making much money out of it. There has been a big increase in capital values and rental growth over the last few years but this has largely been a question of catching up on the lean years earlier in the decade.

Since 1987 the total returns from property have been higher than for equities or gilts. But if the returns are averaged out over the decade, then property has still done less well, either at current prices or in real terms, than equities or gilts.

But the impression abroad has been that the institutions have been moving back into property and then waiting with pots of money for any development that becomes available. Much of this has been market hope translated into rumour and fuelled by anecdote.

In fact, the new institutional investment in property has been modest. Its geographical scope has been narrow: outside the retail sector, there remains an huge preference for the south. Regional economic revival has provided an opportunity for sales rather than a stimulus to new investment.

Collectively, the institutions with holdings worth more than £50bn own more commercial property in the UK than anybody else - the insurance funds are substantially more important than the pension funds. But, arguably, their influence over the sector has waned since the 1970s.

Granted there is more insti-

tutional mooney in property, granted they are more active in the market, but the fact remains that, despite the 1987-88 boom, total institutional investment in property, measured in real terms, is less than it was at the end of the 1970s.

Although the share of property in the overall institutional investment portfolio by the end of 1988 was around 12.5 to 13 per cent, probably three percentage points more than at the end of 1987, this increase appears largely unplanned. It was due more to the increase in capital values - 23 per cent over 1988 - than to net new investment.

Beyond that, the greater diversity of funding methods - most notably the explosion of bank lending and the growing use of commercial paper programmes - and the greater diversity of property ownership have tended to make the institutions look more like ordinary players in, rather than the referee of, the property market.

Insights into such trends, through the detailing of insti-

tutional investment behaviour and property portfolio performance, are provided in an annual analysis by the Investment Property Databank (IPD). It is the statistical analysis of a boom based on records held in the IPD database of some 6,000 institutional properties with a capital value of around £23bn. As such it offers information on how the institutions have been handling their property investments.

Total returns for the institutions at a record 29.8 per cent in 1988 were 6.3 percentage points higher in nominal terms and 3.0 percentage points higher when adjusted for inflation over 1987. "But investors saw a fall in income return and net income growth, as raised rental values have yet to feed through at rent reviews," IPD said.

The institutions traded heavily last year, but as far as net investment was concerned, there was fall among the insurance funds and a rise among the pension funds and short-term funds. "The retail sector continues to dominate net investment, accounting for

89 per cent of the total in 1988," IPD calculated.

But geographically the institutions concentrated investment in the south of England. There was a fall in London last year, but this was more than matched by more spending throughout the rest of the south. Net investment in the rest of the country fell.

Indeed, one of the characteristics of institutional performance was the tendency to sell property into the sharply rising industrial market. And, as in any boom, those who were there at the start tended to do best. The best investment performance, IPD found, was in older buildings and those held for longest in portfolios, and in smaller buildings, rather than larger units.

To only a limited extent, however, can IPD predict the future trends of the market. It makes the point that the effect of rental value increases has yet to show through in many rent reviews.

Where IPD cannot help is in divining future investment intentions. On the face of it, this is hardly a good time to

invest. The rise in the market has made the entry ticket more expensive while the general movement of the economy would do best suggest a degree of caution; it is not by any means clear that the economic expansion which has fed through into office and industrial space demand will continue. At least there is the possibility of short-term uncertainty in the market.

Against that, the property market is slow to react to what is happening in the economy at large. Even if the market turns down, returns this year will still be high in comparison with any years of this decade but the last two. And the flattening out of the retail market probably offers more favourable buying opportunities than have been available for the past 12 months.

As far as the institutions themselves are concerned, fund managers whose performance is monitored on short-term results may not be able to do as well as in the past. The highest performing investment medium, even if medium looks a little soggy round the edges. It is a fact of life that institutions are not always in phase with the most sensible time to buy. But it is a fact of life that these days property, despite its financially lumpy character, is not necessarily seen as a long-term investment.

*IPD Property Investors Digest 1989: Investment Property Databank, 7-8 Grosvenor Place, London NW1 6AP; with updates £1.75.

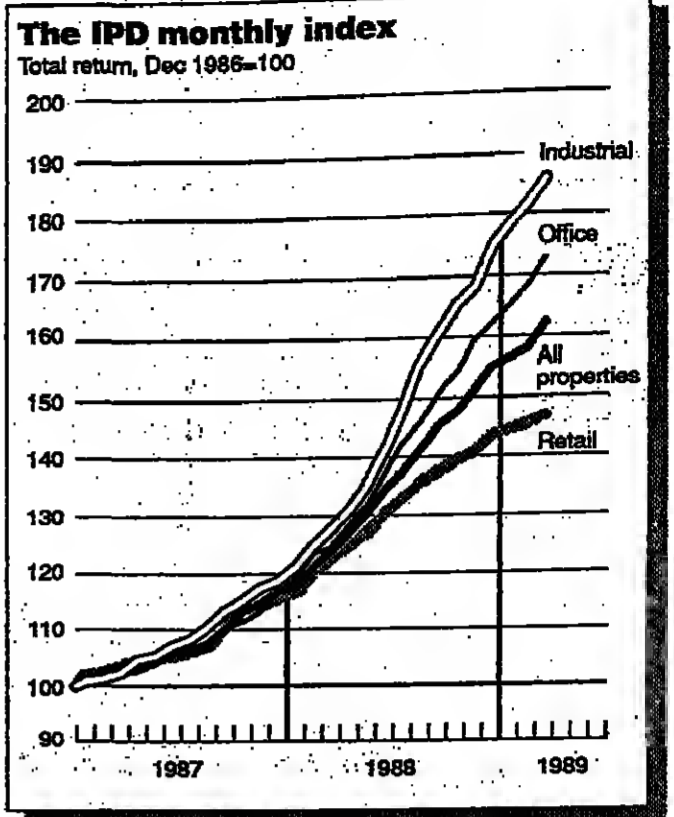
Values at a glance

The first publication of the IPD monthly index shows a market which may be starting to cool. The speed of increase in returns from property has started to slow, suggesting that the market may already have passed its peak.

The index, constructed from a sample of 890 properties owned by 81 funds and worth some £2.3bn, will be published on this page, on the last Friday of each month, with the aim of more accurately tracking market trends.

The Investment Property Databank, although initially funded by eight chartered surveyors, is independent and not engaged in the buying and selling of property. It has built up a database of 6,000 properties owned by the institutions in the UK and Republic of Ireland and currently worth about £23bn.

Most of these properties are valued annually, but the demand from some funds for monthly valuations has enabled a sample of properties to be assembled which offer a performance guide to the market as a whole. It is on these properties, owned by property unit trusts, unit linked insurance funds and managed pension funds, that the IPD



monthly index is based. Of the properties, 46 per cent are offices, 42 per cent are retail, 11 per cent are industrial and the remainder fit into the category of "other". Just over two thirds of them are in London and the south east, reflecting the concentration of institutional investment.

For these properties, taking the first quarter as a whole, the average monthly return has fallen to 1.5 per cent compared with an average 2.2 per cent monthly return in 1988.

In March alone, industrial returns fell sharply, although this sector of the market remains strongest, offices increased slightly but not to last year's levels.

Property Gazette

The April issue of Property Gazette features property in Europe and gives details of the Property Gazette/Credit Agricole Dieppe Conference on Property in Northern France to be held on May 25/26.

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Guaranteed Floating Rate Notes Due 2011

In accordance with the Description of the Notes, notice is hereby given that for the interest period from April 27, 1989 to July 27, 1989 the Notes will carry an interest rate of 10.15% per annum.

The interest payable on the relevant interest payment date, July 27, 1989 against coupon n°13 will be US\$256,57 per Note of US\$ 10,000 nominal and US\$6,414.24 per Note of US\$ 250,000 nominal.

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ROBECO N.V.

Further to the announcement published in The Times and the Financial Times on 21 April 1989 concerning the Cash Dividend payable 5 May 1989 the rate of coupon for the payment of this dividend on both Robeco N.V. Ordinary Shares of Fls.10 (at Fls.3.00) and Sub-Shares registered in the name of National Provincial Bank (Nominees) Limited (at Fls.0.20) is Fls.3.9541 = £1.

UNITED KINGDOM RESIDENTS
The gross dividend is £0.8703221 per Ordinary Share of Fls.10 (Coupon No.87) and is subject to the following deductions:-

15% Netherlands Tax	-	£0.1250483 per Share
10% United Kingdom Tax	-	£0.0870322 per Share
Net Payment	-	£0.6582416 per Share

NON RESIDENTS OF THE UNITED KINGDOM
Where 25% Netherlands Tax is applicable, the following deductions apply:

25% Netherlands Tax	-	£0.2175805 per Share
25% U.K. Tax on Net Dividend (When Applicable)	-	£0.1584910 per Share
Net Payment	-	£0.4701695 per Share

Dividend entitlement on the Sub-Shares will be paid at one tenth of the above amounts, less M.N. commission of £0.00104828 per Sub-Share.

Where 15% Netherlands Tax is applicable the calculations are as for United Kingdom Residents, but relief from United Kingdom Tax is immediately obtained provided that the appropriate Inland Revenue Affidavit is lodged with the claim.

Credit du Nord
US\$100,000,000
Floating Rate Notes due 1997

For the period from April 27, 1989 to July 27, 1989 the notes will carry an interest rate of 10.15% per annum with an interest amount of US\$1,575.52 per US\$10,000 note.

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UNITED KINGDOM RESIDENTS
The gross dividend is £0.50221819 per Ordinary Share of Fls.10 (Coupon No.80) and is subject to the following deductions:-

15% Netherlands Tax	-	£0.07533272 per Share
10% United Kingdom Tax	-	£0.0502218 per Share
Net Payment	-	£0.37666357 per Share

NON RESIDENTS OF THE UNITED KINGDOM
Where 25% Netherlands Tax is applicable, the following deductions apply:

25% Netherlands Tax	-	£0.12555455 per Share
25% U.K. Tax on Net Dividend (When Applicable)	-	£0.0941689 per Share
Net Payment	-	£0.28693953 per Share

Dividend entitlement on the Sub-Shares will be paid at one tenth of the above amounts, less M.N. commission of £0.00082777 per Sub-Share.

Where 15% Netherlands Tax is applicable the calculations are as for United Kingdom Residents, but relief from United Kingdom Tax is immediately obtained provided that the appropriate Inland Revenue Affidavit is lodged with the claim.

SHELL CANADA LIMITED

In accordance with the Stock Exchange rules Shell Canada Limited wish to advise that their 1988 Annual Report will be available from the Company Secretary.

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The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on Grand Metropolitan's acquisition of William Hill and in particular the effect on competition in off-course betting.

The Commission would like evidence in writing as soon as possible, but not later than 19 May 1989, to be sent to: The Reference Secretary (Grand Met/William Hill Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

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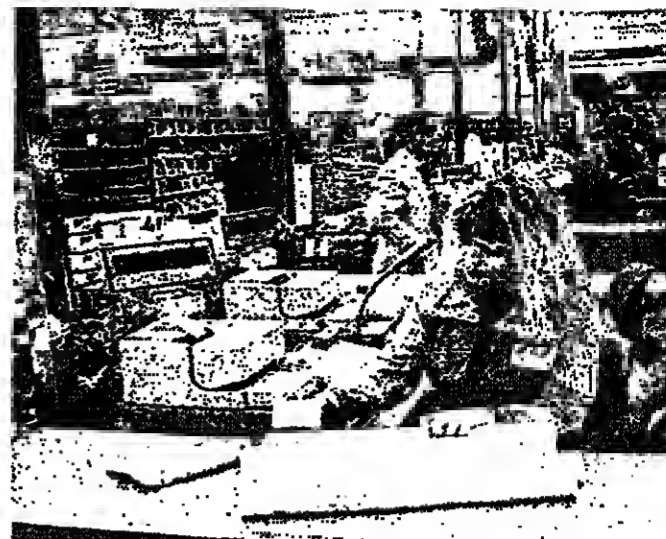
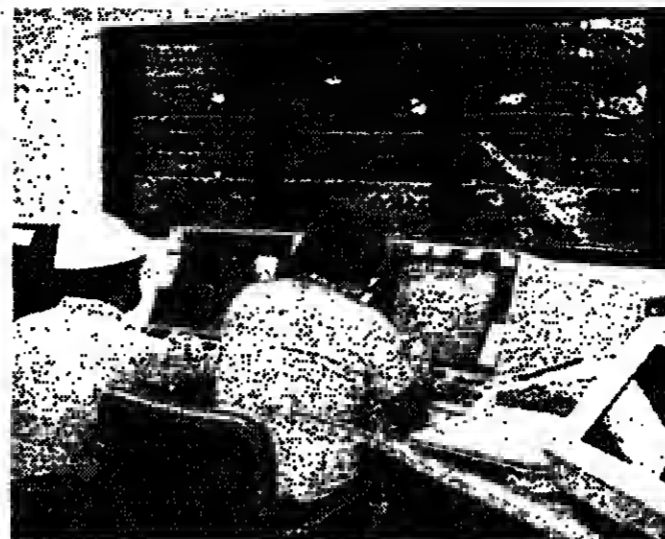
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FINANCIAL TIMES SURVEY



Managers are seeking to cope with major changes in the working environment. These are due in part

to new technology, plus higher expectations among staff and stricter legislation regarding health and safety at work, as Della Bradshaw reports here.



Computers in the office, the factory and the superstore: from left, stockbrokers in the City of London; computerised controls at a steel mill; and point-of-sale terminals.

The Workplace Environment

Key catalysts for change

PEOPLE may spend more than half of their waking hours at their office or factory, but it is only recently that designers - or employers - have begun to pay close attention to the workplace environment.

Employers have only rarely been driven by philanthropy - though many have learned that if they want to keep skilled staff, then it pays to provide a pleasant place to work.

The most important catalysts for change have instead been widespread introduction of computer technology, shrinking workforces, tighter workplace legislation, and work-related illnesses. They have made the task of designing and maintaining the workplace much more complex, and the task is likely to become even more complicated in the years to come.

On the one hand, designing and maintaining offices and factories, where people spend so much of their time, has always been a complex and complicated task. But that task is likely to become even more complex over the next five years, as the combination of new technology, a shrinking workforce and increased legislation revolutionises the way businesses have to operate.

On the one hand, company

directors are being forced to improve the workplace environment to comply with forthcoming European Commission (EC) regulations on health and safety at work. On the other hand, "facilities managers" under pressure to improve corporate efficiency have to cope with the legacy of past building mistakes - now often resulting in workplace illnesses such as the "sick building" syndrome - as they contend with the introduction of electronic equipment.

Companies have realised for some time that wholesale relocation of office or factories can cause a mass exodus of qualified staff - it is not uncommon for 50 per cent of staff to opt for redundancy if their workplace is relocated.

But companies are only just beginning to realise that the environment inside the building, the office environment in particular, can be a contributing factor in attracting and keeping staff, says Ms Stacey Litwin-Davies, a divisional director at Fitch Benoy, the architectural wing of international design consultants, Fitch RS.

"If you put someone into an environment that is too big and open, then they lose their identity. It becomes a question of 'bums on seats,' not a ques-

tion of the individual," says Ms Litwin-Davies. "That's why having your own office is such an important status symbol - it gives you a sense of identity. If you can give people an identity, then basically they will work well."

New technology, particularly office computer systems, can have the same effect as a bad use of space, according to the UK's Business Equipment and Information Technology Association (Beita), an association of international information technology suppliers, such as IBM, Digital Equipment and ICL. Dr Anita van de Vliet, who is compiling a report on the topic for Beita, says the view of both manufacturers and users is that information technology could be an isolating factor if the building was not designed to compensate for the new ways of working.

"For example, computer users generally like electronic mail," says Dr van de Vliet. "But they also think it can inhibit personal interaction if the building is not designed to compensate for the fact that information technology changes the way people work."

Although information technology has been introduced into businesses to give them a competitive edge, many now believe that in the long-term it could have the opposite effect. In particular, the rise in incidence of repetitive strain injuries (RSI) among staff engaged in repetitive tasks is worrying many companies.

Although, traditionally, RSI was a complaint of workers on production lines and at cash

tills in supermarkets, the complaint is spreading among staff employed on repetitive high-volume data entry tasks, in services such as banking and insurance, as well as information technology manufacturing and servicing companies. Any other job which involves the repetitive use of keyboards, such as journalism, can also produce the same complaint.

Although septic has frequently dismissed RSI as a malingering's excuse, some senior managers believe that unless the problem is tackled soon, and computer users taught the best practices for using equipment, then the current situation could result in an epidemic.

The introduction of electronic equipment in office blocks causes far more immediate problems than the change in the way people work. Modern buildings can be designed to take into account the need for extra services to cope with computer systems, in particular wiring and air-conditioning. Ducts can be built into the walls or between ceilings and floors to facilitate the installation of cables.

But with older buildings, particularly office premises built during the office block boom in the 1960s, the problem is much more complex.

The decision is inevitably a balance between cost and facilities. And, says Ms Litwin-Davies, it can often prove cheaper for companies to actually rebuild than to try and put modern facilities into an older building - "it's a difficult decision for companies in Europe,

because here there is a very costly existing building stock. We're finding that a lot of clients are unswayed by the prohibitive costs of updating their offices," she says.

Ageing office building stock has also come into prominence recently as the source of illnesses such as legionnaires disease and 'sick building syndrome.'

This syndrome, which is caused when the air in a closed office block is not changed frequently enough, has been a particular problem in the US where the height of office blocks has dictated that, for safety reasons, there should be no opening windows. In California, where the weather forces companies to have a

highly controlled workplace environment, employees have been quick to use the law to redress illnesses which come under the term 'sick building.'

That has acted as a catalyst for many US corporations to install equipment to enable individuals to control their own immediate environment. Such energy management systems, which control the heat, lighting and ventilation of the building, can be adjusted by individual employees from their workplace - a worker could adjust the temperature of his or her office space simply by pressing a button on the telephone, for example, as the energy control system would be linked into the telephone network.

Companies are hoping that if their employees have some control over the environment in these so-called 'intelligent buildings,' they will be less likely to suffer illnesses - or, at least less likely to sue.

Although North American companies are changing their perspective on intelligent buildings, and seeing them as a way of improving employees' working conditions, that view is still rare in Europe, says John Bernaden of Johnson Controls, which along with Honeywell Controls, dominates the North American market for such systems. In Europe, he says, companies still see such systems as a tool for cutting costs.

In the US alone, the market

for such energy management systems is worth \$3bn (£1.7bn) a year. In Europe, by comparison, the market is growing rapidly - but will still only be worth \$1.7bn by 1992, according to market research organisation Frost and Sullivan. The growth in the market has been fuelled by the availability of microcomputer-based systems, which can be installed for as little as £2,000.

Standards on requirements for buildings, such as on heating, lighting and ventilation, are now being thrashed out in the EC in Brussels. At the heart of the problem is whether stricter regulations proposed by colder northern European countries, for services such as thermal insulation of buildings, will win favour. Or whether less severe regulations, favoured by southern European countries, will hold sway.

Already passing through the legislative pipeline in the EC are a number of health and safety regulations which will have to be incorporated by companies in all the member states. They include regulations for the use of machinery, personal protective equipment, video-display units and manual handling.

Regulations on the safety of machines and personal protective clothing are likely to be on the statute books this summer, which could mean businesses have to comply with them within two years.

Experts in the area of health and safety, such as John Ridd, head of the ergonomics unit at

Growing role for facilities managers

THE ROLE of the professional facilities manager for business environments is gaining a steadily higher profile with a number of new associations being established in Europe, the US, Japan and Australia.

Commenting on the trend, Mr John Arthur of the UK's Association of Facilities Managers (AFM), says: "Something quite unique is happening around the world - the foundation of a new profession, significantly different in that it

predominantly represents the occupiers of property, rather than the developers' or landlords' interests. This applies whether the service

is provided in-house or contracted-in."

AFM's membership stands at just over 200 with a potential membership of many thousands who are involved in the management of premises, including the facilities and services they contain. Training seminars and the exchange of new information are key activities.

The AFM began in 1986 with a small group of facilities managers from such companies as Manufacturers Hanover Trust, Chase Manhattan Bank, Standard Telephone and Cables, British Telecom, Business Press International and BBC

Television, prompted and encouraged by Dr Frank Duffy of DEGWA, the architectural and planning consultancy, and the International Facilities Management Association of America.

Corporate thinking about facilities planning and management in the UK may still be three to five years behind the US, according to Prof. Franklin Becker of Cornell University in the US, and one of the world's authorities on the subject.

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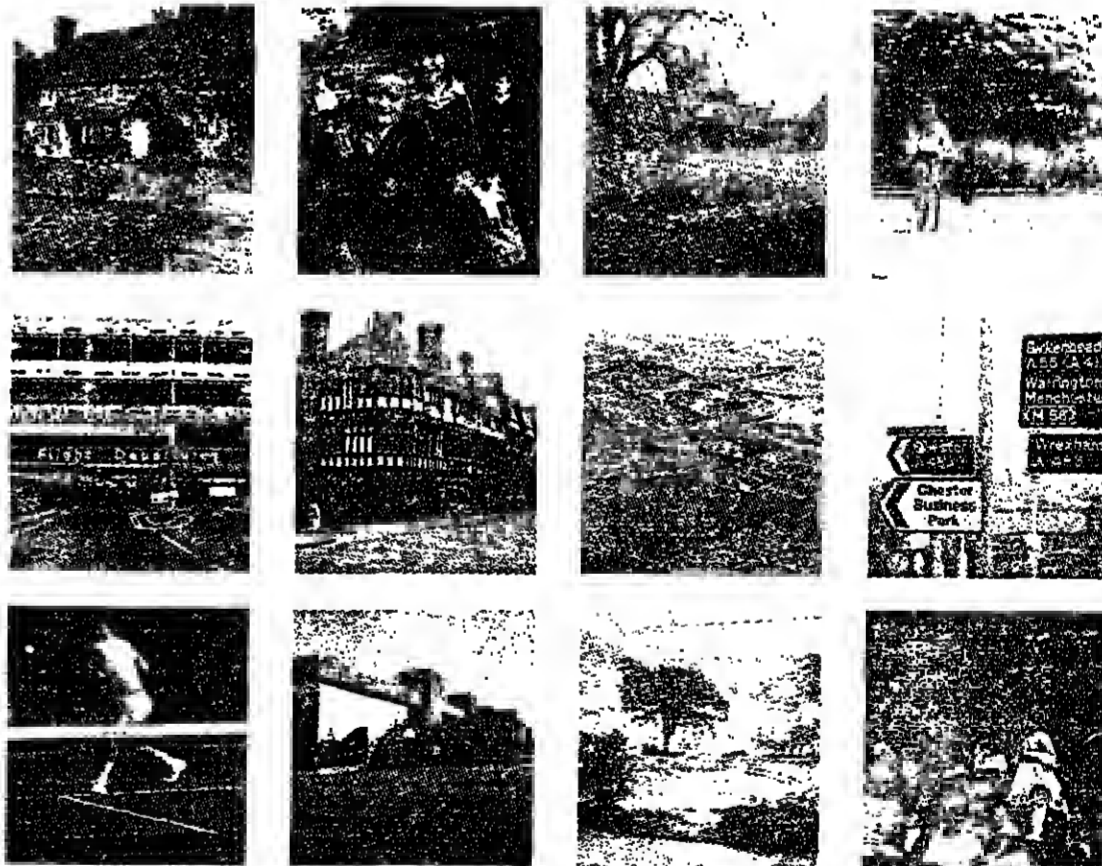
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WORKPLACE ENVIRONMENT 2

David Lawson examines developments in office design

The key word is flexibility

THE ABSOLUTELY ideal workplace does not exist. Most employers have to make the best of what they can get — a compromise between costs, staff comfort and the limitations of the bricks and mortar around them.

Some organisations are wealthy enough to build their own factory or office block, but even here the confines of costs and planning rules are powerful. Only recently have high-tech companies been freed by planning reforms to use space as they choose rather than separating research, manufacturing and office space into distinct parts of buildings. This was an anathema to organisations where such divisions are blurred and constantly shifting.

Today's developers are not geared to produce the perfect solution. They aim to create buildings which appeal to the widest range of possible customers, and therefore fully satisfy none. It is then up to an engineer, architect or space planner to manipulate things to meet a tenant's needs.

The most enlightened developers make things easier by not finishing the interiors of their creations. An office block will be left with the basic services installed but no partitions or ceilings. Offices will be fitted out on the upper floors of a business park building but the ground floor left bare. Tenants are left to shape the space to their particular needs. This is a major improvement over the glass stupms and industrial sheds which still make up the majority of workplaces in the UK. Property investment funds, which have the whip-hand in deciding how most new buildings are designed, have accepted that tenants will not emerge unless they can house their staff in comfort and accommodate all the new pressures of modern technology.

Today's key word in workplace design is flexibility; tomorrow's will be comfort.

Modern companies are changing so quickly that they need to be able to switch around activities almost overnight.

"In essence, you have to treat every building as a box which plugs into the surrounding environment," says Nicholas Terry of engineers and architects Heery International. "Once you know you can get staff in and out efficiently, the aim should be for total flexibility within the box to meet any possible changes."

The squat blocks going up around the City of London are classic examples, but so are many of the new greenfield business parks spreading around major cities.

Another basic principle is to make that box comfortable for

New buildings are no longer designed on the 'long and thin' pattern, suitable for the small offices and corridors fashionable at the time. Wide and squat is the modern image, giving big floors which can be manipulated with partitions into an enormous number of configurations, says Mr Terry. That has led to the ubiquitous atrium, which not only provides a pleasant outlook for staff but also allows in natural light to what would be dark inner areas of the block.

Managing the arrangement of work within this envelope will vary according to the type of business involved. Architect GMW asks its clients to complete a detailed questionnaire, not just about staff numbers

have to be reorganised, either by refurbishing or, merely switching around the furniture.

"The shell of a building can last up to 60 years, but the main mechanical and electrical systems may be changed two or three times during that period," says Mr Terry. Furniture may be switched every few months.

Space managers come into their own in trying to translate the principles of new office arrangements into existing workplaces. Legal requirements for space allocation are almost irrelevant. The Offices and Shops Act demands 400 cu. ft per person, but it would be hard to squeeze a desk, chair, body and files within that bare 7 sq ft — and still attract staff.

But as space is at a premium in high-rise offices the space planner will struggle with the almost impossible task of using as little as possible while still ensuring that desks are comfortable and well-lit, near windows but away from potential nuisances such as photocopiers and coffee machines, and in line with the sub-floor cable runs that feed each desk-top screen and telephone.

Laid on top of this, however, is the personal element: certain people may prefer to be closer or further from each other than theory dictates. Detailed plans drawn up on computers are shattered when one or two staff members decide to move their desks to chat better — or escape the office smoker.

Modern industrial workplaces are not much different from the electronic office. In fact, as manufacturing becomes cleaner and lighter, the buildings and staff begin to look remarkably alike. Process engineers tend to decide ideal layouts for computer-controlled operations, but even here the potential shortage of skilled staff will demand high degrees of comfort as well as efficiency in future.

The out-of-town business park is destined to provide as comfortable an environment for industry as for office work in almost identical buildings. Already there are manufacturing operations with a higher standard of climate control than the offices which hold their managers.

The boot will have well and truly switched to the other foot as working in computer-controlled workplaces planners is to raise office standards to those of industry.

David Lawson

Problems raised by the 'sick building syndrome'

There are no simple solutions

TAKE A crowd of people, coop them up in an airtight building filled with modern furnishings and it should not be surprising if they go down with headaches, sore throats, skin rashes and nausea.

Many people are allergic to some form of man-made material, chemical cleaner, or tobacco smoke — and trapping them in the same space, where they also share the same air as a few hundred other lumps, is not the best way to promote good health.

Yet, until recently, the idea that workplaces caused illness was thought to have gone out with dark Socratic mists. Even now the "sick building syndrome" (SBS) has not shaken off the suspicion among some managers that it may be all a convenient excuse for malingerers.

But the evidence that something is badly wrong with the way many modern buildings are designed and run has become too significant to ignore. The Institute of Mechanical Engineers has compiled an information pack more than 100 pages long on buildings and health — and that is just the reading list.

Numerous studies have been done and still more are planned. The Institute of Mechanical Engineers says that designers from various countries realise the widespread nature of the problem and begin to share ideas.

At an international symposium on sick buildings, held last year in Stockholm, leading trade union representatives complained that a major social problem had grown up but they had little knowledge of the causes or solutions.

The main shadow of suspicion for SBS has hung over air-conditioning systems since the dark side of new office technology emerged in the US, almost two decades ago. Office staff fell ill before then, but it was gradually realised that

air-conditioned blocks seemed to suffer worst. Burgeoning use of desk-top computers and other heat-generating electronics has spread air-conditioning out of hot climates into northern Europe, and SBS has followed.

But this is too simplistic an answer to a complex group of problems emerging from various studies. One British investigation claimed that 80 per cent of air-conditioned buildings were "sick," but as the Heating and Ventilating Contractors' Association (HVCA) points out, other office blocks also suffer problems. There are also curious anomalies: public buildings tend to be worst hit and clerical workers fall sick more often than higher grades.

It may seem like hair-splitting to sufferers, but air-changing rather than air-conditioning should be the real target for attack, with a host of other factors contributing to general malaise. Air carries the pollutants and germs which create and spread illnesses, and whether conditioned or not — if it is not changed properly, it will cause problems.

In older buildings, a stuffy head or tobacco smoke could be cleaned by opening a window. Today's workers in sealed buildings rely on air extraction ducts which may not be up to the task.

The Swedish conference was told that at least 40 per cent of that country's population had some form of allergy, yet the airtight building is a breeding ground for microscopic mites and spores because environmental control keeps humidity and temperature at a suitably high level. Some ventilation systems made matters worse rather than better, said Mr Gray Robertson, head of US consultants, ACVA.

A study of more than 400 sq ft of office space revealed examples of filthy ducts even in sensitive areas such as ho-

pitals, where spores and bacteria bred overnight to be sprayed around buildings during the day.

More than a third of the systems were using recycled air alone, rather than diluting this with fresh outside supplies.

Some ventilation specialists claim to have cracked the problem by ensuring that fresh, rather than recycled air, is brought in to flush out impurities. Aptly enough, considering the Nordic concern for health, two have strong Swedish connections. Anders Nilsson, which played a big part in the symposium, is singing the praises of the Anglo-Italian Hiroos system of underfloor air supply, which it has used extensively around the world and is fitting

into a showpiece development of the former Crown Agents' headquarters on London's Millbank.

Another Swedish idea, called Floormaster, also ducts in fresh air at low level, working on the principle that the fog and fumes from an office will be pushed upwards for extraction. UK distributors, Stratton, points out that heat control is important as each worker gives off as much energy as a 100 watt bulb and productivity drops by half when temperatures rise by 4 degC from a comfortable working level of 20 degC.

On the other hand, industrial accidents increased by 30 per cent with a fall to 12 degC. But air-conditioning systems may achieve this balance by

stirring up the air and pollutants by pumping via ceiling distributors.

The HVCA in Britain recommends a minimum air volume supply of eight litres to person per second, its set of guidelines: 'How to Avoid Sick Building Syndrome.' But in practice, occupiers are often ignorant of the capacity of their systems or stack with what they have inherited in an older building.

Overcrowding develops imperceptibly with an extra desk here and another furniture-producing photocopyer there. Switching routine clerking to electronic screens can mean people suddenly find themselves working in a fixed position and at a pace set by others.

"A person under stress is much more aware of physical discomfort and likely to be more susceptible to backache, eyestrain, sore throats and the rest of the symptoms of sick building syndrome," says Mr Roger Henderson of space planners, Anderlym. "Attribution of these complaints to a single cause may be wrong, but the ailments of the individual are generally genuine."

So 'sick' buildings are no figment of the malingering's imagination — but the cure is much more complex than first thought, involving correctly designed environmental control and a delicate manipulation of office politics and sociology.

Office managers have a long way to go before they come to grips with the problem, but as Sigvard Marjasin, leader of 20,000 industrial safety delegates in the Swedish Municipal Workers' Union says, workers can at least be made aware of SBS, so they can link their problem with their workplace. "Otherwise they will feel bad without knowing why."

David Lawson

For companies seeking to keep the highest-qualified office staff, tomorrow's key word may well be 'comfort.'

staff both to work in — and to reach from home.

The forecast fall-off in school-leavers during the 1990s will divide business, sheep from goats, as top-quality staff will be able to pick and choose where they work.

Many growth companies have already decamped to pleasant business parks and spent fortunes on interiors — not just for flexible efficiency, but to impress staff.

Others are more restricted to town centres and may have to make the best of the buildings they can find unless rich and confident enough to build their own home. Making a 1960s' glass box both comfortable and efficient can strain the resources of architects and space managers because these outdated buildings usually cannot cope with the cables and air-conditioning needed by even the most mundane of offices today.

In fact, Victorian buildings can even be easier to manipulate because they have the space for suspended floors and false ceilings.

and functions, but image and organisation. "Office" layout will depend on how people interact and communicate, either on a head-to-head basis or down through a pyramid.

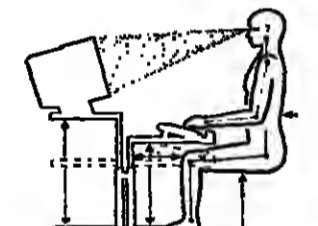
Offices in the past tended to be cubicles opening onto corridors. Part of the reason for all the "long and thin" cubicles. This is still relevant, for say, a solicitor's operation, which requires privacy. But open-plan suits an administrative, back-room business with lots of clerks doing similar work, or a computer company which seeks to keep managers at the same level as other staff.

Everyday work practice will also determine the best way to organise layouts. When designing a new centre for Townsend Thoresen in Dover, it was found that people worked in groups of five, so furniture was designed in hexagons. And because several people shared each desk in shift rotation, they were given extra personal storage space and fitted for convenience of both left and right-handers.

This sort of detail can easily be lost in standardised office layouts which seem theoretically ideal, but end up irritating staff and reducing efficiency. GMW builds and tests prototypes to iron out wrinkles when converting Shell Mex House in the Strand, it let staff locate their desks, 4,000 sq ft office before carrying out the rest of the work.

Not everyone has the choice of starting from scratch, however. Older buildings often

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Della Bradshaw on 'teleworking' from home

Big benefits all round

IMAGINE

not having to commute every day, but being able to work from home. With advancements in technology that is now an option open to many office workers. And it is an option that many employers are beginning to promote. The combined problem of congested traffic systems in major urban conurbations and the need to retain skilled staff has forced employers to consider teleworking, often called telecommuting, as a way of working, says Breda Robertson of IT World, the information technology and teleworking consultancy. Interest has developed particularly strongly over the past three years, notes Ms Robertson.

Although teleworking, which entails the use of computers or word processors outside the normal office environment, usually at home, has its roots in the computer industry, the London-based Henley Centre for Forecasting believes a very wide range of jobs can be carried out in this way. The Centre predicts that by 1995, 4m people, from basic clerical staff to professional and management employees, will be doing at least some element of their work at home. Despite the growing interest in the UK, British employers in fact come bottom of the European league for enthusiasm in teleworking. In a study conducted by the Bonn-based research organisation, Empirica, for the European Commission, only 35 per cent of decision-makers questioned in the UK said they were interested in employing teleworkers.

By comparison, 60 per cent of Italian managers — top of the table — said they would be interested in employing staff working from home. Teleworking has obvious benefits for employers. They experience financial savings on overheads such as heating, lighting and maintenance, and, in particular, office space. In addition, if they employ teleworkers living in areas away from the main skills shortage centres of London, New York, or other capitals, then wages can be lower as well. In London, for example, companies often have to pay more than £3,000 in London weighting allowances. But one of the biggest benefits for employers is that teleworkers tend to be more pro-

ductive than their office-bound counterparts. Companies such as FI Group (formerly F International), the computer consultancy group which was one of the original sponsors of teleworking in the UK, notes that without the distractions of the general office environment — phone calls, gossip and endless cups of coffee — teleworkers

can concentrate better and so finish a task more quickly.

Other UK computer companies are noting similar results. Ball BN Information Systems (formerly Honeywell Bull) in West London, ICI and Bant-Xerox all believe that working in the home environment increases productivity.

But because most teleworking is done at home, employers usually insist on certain working conditions. Employees must, for example, have made adequate arrangements for children or other dependants so that they are not disturbed during the day. In addition they must have a room separate from the rest of the home, where expensive computer hardware can be locked away from children's sticky fingers.

These rules have been particularly important over the past ten years, when most teleworkers have been women who gave up traditional full-time office employment because of family demands. Now, however, there are a growing number of men who believe teleworking is the most effective way to work.

One such example is Colin Coulson-Thomson, formerly a full-time public relations employee with Bank Xerox. Now he combines that job with a similar role for the British Institute of Management, and he is a director of the Aston Business School in Birmingham as well. He believes that not having to commute into the office every day gives him the time to pursue other activ-

ities. And rather than spending time in endless regular meetings he can ensure that any appointments that he does make occur fruit.

Apart from the need to employ skilled staff, the falling costs of computer hardware have also encouraged some employers to take the plunge and allow their workers to work from home. Personal computers, for example, which along with terminals and workstations form the basic equipment for fully-fledged teleworkers, can now be bought at under £1,000.

In addition, remote workers need a telephone and, if the work is to be sent directly to the central headquarters, a modem, which translates the digital information from the computer into a language, which can be sent over the ordinary telephone line. Facsimile machines, portable computers and mobile telephones are all contributing to make the teleworker's life easier.

Although teleworking was originally introduced as a way of employing people who found it difficult to carry out a full-time office job, parents with small children or the disabled — it is now developing a new image as a way of dipping into pools of unemployment. The UK Government, for example, has just launched Project Frontline, which is intended to help regenerate areas of high urban unemployment.

The plan is to set up a series of information technology work centres in five major inner city areas. More than 500 people will be trained in scarce skills such as data processing, and will work in the centres for companies based in London and the south-east, where such skills are scarce.

Several similar schemes are already in operation, one of the most unusual run by the New York Life Insurance Company, of the US. Its latest office is in Castleisleid in the Republic of Ireland, where 70 employees process insurance claims for the American parent.

Up to 15 per cent of the company's claims are flown over to Ireland, where they are processed, and the resulting information sent back to the company's computer centre in Clifton, New Jersey, over a dedicated telephone line.

less unless interpreted properly. This year's outbreaks were partly blamed by the Heating and Ventilating Contractors' Association on the mild winter, which stimulated growth of legionella.

More than 70 outbreaks of Legionnaire's Disease have been recorded since the bacteria was discovered.

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David Lawson

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WORKPLACE ENVIRONMENT 3

Health and safety at work

The agenda widens

THE DAYS when office health and safety was just about the dangers of heavy filing cabinets and cables running along the floor which could trip people up, are gone.

For much of the 1970s the health and safety agenda in offices was drawn from long established traditions within manufacturing industry. It was mainly concerned with quite obvious, physical hazards, which could lead to accidents.

Today's issues put new pressures on managements

It also has to encompass a far more diffuse set of threats to health such as stress, the effects of working with VDUs, and most recently smoking, than merely physical hazards. Large companies especially are becoming increasingly aware of the importance of developed health and safety policies for staff, which extend beyond the odd poster warning against slippery surfaces.

Volvo took the opportunity of moving to a new building to introduce a smoking ban for its 600 white-collar staff.

However, larger companies such as British Telecom have chosen to introduce a piecemeal policy. Staff can vote to designate their area non-smoking if they wish.

packing out repetitive tasks such as typing have long been prone to RSI. But in the last few years it has spread to office staff, especially those who work at computer terminals.

Medical opinion is split on the causes of RSI. There is little doubt that it causes irritation, pain and possibly temporary paralysis in the arms and shoulders of people who suffer from it.

The emergence of these different health risks at work makes the task of management all the more difficult. Introducing a smoking ban is a tricky political exercise, which can provoke strong responses on the one hand from people who feel their health may be threatened and on the other from people who feel their individual rights may be under threat.

OFFICE LIFE presents many paradoxes. Collaboration between people should be encouraged, but not at the expense of thwarting individual effort. Managers should remain accessible, but still be given conditions where they can carry out concentrated work without too much distraction.

The challenge is to properly facilitate frequently-changing internal arrangements

To be given a clear say in the layout of their own workplace, without compromising the effectiveness of group layouts. According to Mr Terry Trickett, principal of Trickett Associates Interiors in London, architects and designers have often missed the crucial connections that need to be made between job design and the provision of appropriate working environments.

Growing awareness of the need for good office planning

Keys to greater office productivity



Example of a well-integrated office modern office: the Rank Xerox international headquarters at Marlow, Buckinghamshire - an advanced environment, built to adapt to change. It is the focal point of a £2bn business, involving nearly 30 marketing subsidiaries.

Today's planners generally agree that conditions of total privacy should be achieved for the few individuals who require them, but without completely separating senior staff from other members of their group.

Furthermore, staff they need to be given a clear say in the layout of their own workplace, without compromising the effectiveness of group layouts.

In December 1984, the European Community embarked on a project to address Human Factors in Information Technology (HUFIT) as part of its European Strategic Programme of Research and development in Information Technology (Esprit).

The industrial partners in the project include Bull in France, ICL in the UK, Olivetti in Italy, Philips in the Netherlands, and Siemens in Germany.

The integration of equipment is often haphazard

senior personal assistants and office managers. The largest sample (22 per cent) comprised companies in the £1m to £5m turnover bracket. The questionnaire was divided into four areas: attitudes towards working in an office, the office environment, office design improvement, and the office of the future.

On the subject of chairs and workspaces which are beneficial to posture, almost everyone (97 per cent) thought this was "important."

Three-quarters - architects and designers in particular - believe a restful colour scheme to be essential, while 65 per cent are keen on plants and pictures in the office.

Office desks and workspaces do not come up to standard either, with over a third thinking they could be made more comfortable.

As with most facets of modern life, the occupation of offices is hedged around with a vast amount of legislation. Specific Acts, such as the Offices Shops and Railway Premises Act (OSRPA), are rather vague, according to Mr Jack Horsnell, author of the NKR's Guide to Moving Office.

On lighting, for example, OSRPA merely states that "suitable and efficient lighting" must be provided, although by-laws are usually more specific, particularly in London.

Given these sentiments, it remains to be seen whether market forces or legislation, or both, will drive forward improvements in the office environment.

Richard Catt

Higher quality demanded in US offices

Shame of the empty towers

DESPITE rock-bottom rents, empty office buildings shame the central business districts of many North American cities. Late last year, Coldwell Banker, US national real estate advisers said that 16.3 per cent of downtown office space in 46 US and Canadian cities was vacant.

In the mid-1970s depression, the enormous spate of office building in the early 1980s has meant that most downtown construction has stopped.

It is impossible to generalise about America because of the vastness of the place, but examples from some cities which have succeeded in climbing out of a hole have one common denominator: few of the best-located, highest-quality buildings - quite breathtaking by European standards - have gone to the wall.

Some unlet office buildings are referred to as 'junk space' wife had inherited \$1m from her family's grain company. Part of the legacy was a warehouse in downtown Dallas, which Crow sublet as his first property deal.

Mr Michael Morris of Hanscombe Associates, a chartered surveyor with extensive experience in project management in North America, says these features have to be put into perspective. The concept of "shell and core" is common there. In other words, the tenants take over unfinished office suites with very modest amounts given to them by the landlord for providing their own partitions, lighting fittings and the like.

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Of all places, Houston has probably suffered most from overbuilding and falling banks and savings and loans, tempted into the commercial property scene, once a swath with oil money. Some of the buildings are now so-called "junk-space", built free from zoning controls, and will never be let. Others are on the market for less than half their replacement cost.

In Boston, by contrast, quality is imposed by the authority, not demanded. Since 1987 the Boston Redevelopment Authority has kept developers firmly under control and started with cleaning up the seedy downtown "adult entertainment" district.

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COMMODITIES AND AGRICULTURE

Chicago rumours point to rise in Soviet grain limit

By Nancy Dunne in Washington and James Abbott in Chicago

US and Soviet officials were yesterday remaining silent about the progress of grain sales talks in Washington, but rumours sweeping the Chicago futures markets indicated that at the very least the US has agreed to raise the 20m tonne limit on Soviet purchases.

Food price rises hit developing nations

By John Empson

DEVELOPING countries which need to import food are suffering from both rising prices and a reduction in the amount available in direct aid.

EC 'living in fool's paradise' over cereals

By Bridget Bloom, Agriculture Correspondent

THE European Community is living in a fool's paradise, deluding itself that it has its cereal sector under sound financial control.

According to a new report by Agra Europe, the independent European agricultural information agency, current EC cereal policy is likely to lead to unacceptable financial costs in the next five years for which the only solutions would be ewing reductions in farm-gate prices or some form of quotas on production.

However, although the so-called budget stabiliser for cereals, which links price reductions to production thresholds, will keep production within certain bounds over the next few years, an 11 per cent rise between now and 1995 is still forecast.

Given the "remorseless" productivity increase of 2-3 per cent a year, by 1995 the EC's harvest will be some 184.5m tonnes, or nearly 20m tonnes more than last year.

Canada clashes over fish, beef, furs

By Gordon Pitts

FISH, beef and furs are straining relations between Canada and the European Community.

There is no sign of resolution in two long-running disputes between Canada and the EC - over levels of fishing in the North Atlantic and Canadian countervailing import duties on EC beef exports.

Only on furs - specifically, the European protest over the use of leghold traps to catch fur-bearing animals - are the two approaching some common ground.

Canada and NAFO take a conservation approach, which would allow some moderate growth in stocks. But the EC has advocated fishing at the maximum level which would allow no decline in stocks but no growth.

Canada's ships from EC countries are overfishing in NAFO waters, putting pressure on precarious stocks. The community maintains it is following an alternative conservation approach that takes into account socio-economic realities - namely, the overcapacity of its fishing fleets.

Canada's main natural resource, with 63 per cent of the land surface suited to forestry. The pine forests in the central highlands (40 per cent of the total forest cover) represent the centre of commercial activity. Only 3 per cent of output comes from tropical hardwoods (mahogany, walnut and cedar).

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Opec output decision delayed

By Gordon Pitts

GULF oil states yesterday delayed deciding whether Opec's output ceiling should be raised because of uncertainty over demand and disagreement on quotas.

As Saudi Arabia's King Fahd made clear on Wednesday, one oil industry executive said: "Opec should decide on a call."

Oil ministers of six Gulf Cooperation Council (GCC) States met in Jeddah on Wednesday and early yesterday to unify stands on a proposed rise in Opec's output ceiling, but the talks ended without a publicly stated deal on the issue.

The GCC links Opec members Saudi Arabia, Kuwait, the United Arab Emirates and Qatar with non-Opec Oman and Bahrain.

Oil markets were anxiously awaiting the outcome of the meeting as it would have given clues to output patterns for the rest of the year.

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Honduran forestry lumber crisis

David Pickles studies the decline of the country's main natural resource

HONDURAN forestry critics relate this to the establishment of COHDEFOR in 1974, which was bitterly resisted by sawmill operators.

Between 1977 and 1985, the corporation's investment programme absorbed 10 per cent of the increase in Honduran public sector debt - \$240m. Corruption and inefficiency were rife. Now, the loss-making sawmills are being sold off.

Modern hand saws (which waste only 15 per cent of wood compared with 45 per cent for circular saws) resisted by sawmill operators in Honduras's 120 sawmills - but only 32 per cent in the 100 mills still working. It's a double irony that the machines may be sold at minimal prices to competitors like Venezuela.

Corruption and inefficiency were rife. Now, the loss-making sawmills are being sold off. The Inter-American Development Bank which sank over \$40m into the first stage, a giant sawmill, is pressuring for a rescue package. But the governments, backed by AID, will not put up any more money. It looks increasingly likely that the mill - with capacity for 50 per cent of total national production, and 80 per cent of the value added in the sector - will be sold.

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Caribbean sales are down from 75 per cent of total exports in 1983 to 66 per cent in 1988. (European sales were 23 per cent in 1983 and 12 per cent in 1988.) In the Dominican Republic, regulations are blocking most Honduran exports. In Jamaica, there's a shift towards US southern pine to take advantage of three new US export credits. And Trinidad and Tobago, hit by foreign exchange shortages, is also looking for credit packages which Honduras is ill-placed to offer.

Honduras's response is to look to the sugar islands (Barbados, Guadeloupe, Martinique) and to try to increase the output of treated wood, which is in increasing demand. In the long run, Honduras needs to look to increased value added rather than to increased volume. Manufactured wood exports (of which 80 per cent go to the US) include broom handles, tomato sticks, furniture, plywood, and door and window frames. But in 1987 manufactured exports were worth just \$10m - down from \$23m in 1980 - probably because of the overvaluation of the lempira. This may be reversed by new export incentives, including foreign exchange certificates which amount to a 30 per cent devaluation.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices continued Wednesday's decline, with July falling as low as £735 during trading yesterday before a bounce at £742 a tonne. The market remains nervous against a background of physical over supply. Some sectors of the market believe that with a recent improvement in weather conditions for crops in Brazil and West Africa, a downside target of £700 cannot be ruled out.

Table with columns for Commodity, Close, Previous, High/Low. Includes COCOA, RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

LONDON METAL EXCHANGE

Table with columns for Metal, Close, Previous, High/Low, AM Official, New close, Open interest. Includes Aluminium, Cash, Copper, Silver, Lead, Zinc, Tin, Nickel, Magnesium, Potassium, Sodium, and various oil products.

Table with columns for Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

LONDON BULLION MARKET

Table with columns for Commodity, Close, Previous, High/Low, £ equivalent. Includes Gold, Silver, and various oil products.

Table with columns for Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

US MARKETS

IN THE METALS, silver futures fell over 11 cents as the days most active metal, reports Drexel Burnham Lambert. Spillover selling forced gold and platinum down as well. Copper trading was featureless. In the sugar market, prices were lower on mixed trade activity. Coffee futures rose 97 basis.

Table with columns for Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

NEW YORK

GOLD 100 Troy oz. \$707.00. SILVER 100 Troy oz. \$16.80. COPPER 3.75000000 cents/lb. SOYABEAN 37.50000000 cents/bushel. WHEAT 37.50000000 cents/bushel.

Table with columns for Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

CHICAGO

SOYABEANS 5,000 bu min cents/50b bushel. WHEAT 5,000 bu min cents/50b bushel. LIVE CATTLE 40,000 lbs cents/lb.

Table with columns for Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

INDICES

REUTERS (Base: September 15 1981 = 100). DOW JONES (Base: Dec 31 1974 = 100). FTSE 100 (Base: Dec 31 1974 = 100).

Table with columns for Index, Close, Previous, High/Low. Includes RUBBER, COPPER, SOYABEAN, WHEAT, and various oil products.

Small text at the bottom of the page providing additional market information and contact details.

LONDON STOCK EXCHANGE

Equities close above FT-SE 2,100

CONFIDENCE IN the improved outlook for domestic interest rates following the improved UK trade figures for March drove the UK equity market back to a level...

quarterly was considered likely to enhance the stock's attractions to US and to managers of global funds...

avoided chasing prices higher. Consolidated Gold Fields (jumped 37 to 1320) as the market digested Minorco's success in gaining acceptances...

FINANCIAL TIMES STOCK INDICES

Table with columns: Apr 27, Apr 28, Apr 29, Apr 30, Apr 31, Year, High, Low, Since Completion, Low. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, etc.

S.E. ACTIVITY

Table with columns: Indices, Apr 28, Apr 27. Rows include Gilt Edged Bargains, Equity Bargains, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock, Volume, Opening Price, Closing Price, % Change. Lists major stocks like Anglo, BHP, ICI, etc.

ICI beats all the forecasts

First quarter figures from ICI came in well ahead of forecasts putting marketmakers in a high spirits. One spoke of a chart resistance point at 225p...

Saatchi light relief

Saatchi & Saatchi powered ahead amid strong suggestions that Mr Robert Maxwell was looking more seriously at the agency sector...

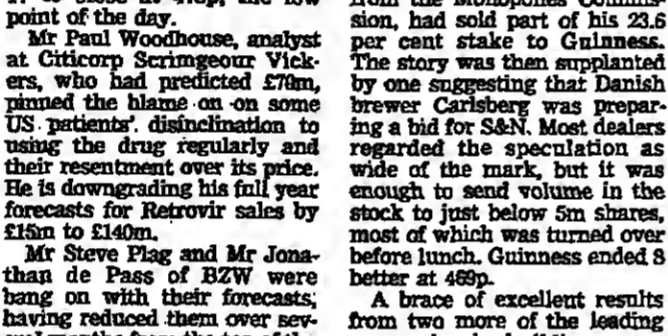
Strong US favourite

The strong performance of Rascal Electronic shares over recent days was taken a stage further yesterday when the share price surged to a year's best...

FT-A All-Share Index



Equity Shares Traded



Mr Steven Oldfield, BZW stores

watcher, said of Dixons: "Slippage in like to like growth has accelerated in the second half, gross margins in the UK are under increasing pressure...

Among food manufacturers

Hillsdown were heavily traded as the market bought stock ahead of the agm today...

group, either Tengelmann and its US subsidiary A&P, or Aldi

Speculative demand on hopes of a bid from US hotels group Marriott helped Trusthouse Forte climb 5 1/2 to 294 1/2...

Trading began briskly in Renters' recently redesignated "A" shares

Some 5.9m shares changed hands and Hoare Govett, joint brokers to Renters, said that it had done 3.6m of that total...

Other top oil shares were equally firm

Shell added 5 at 498 1/2 on almost 4m turnover, despite the closure of the St Fergus gas plant which ban-

AMSC's figures - profits up 73 per cent

- were well received and the shares jumped 12 to 45 1/2. Other features included Costain, 7 higher at 325p...

NEW HIGHS AND LOWS FOR 1989. Table with columns: NEW HIGHS, NEW LOWS. Lists various companies and their share prices.

Scottish & Newcastle chairman

Mr Allick Rankin, chief executive of NEWCASTLE BROWERIES, is to become executive chairman upon the retirement this year of Sir David Nickson...

Lautro changes chief executive

Mr Kit Jebens takes over on July 1 as chief executive of the LIFE ASSURANCE AND UNIT TRUST REGULATORY ORGANISATION...

THE TRADERS MILE advertisement. Includes text: 'You could buy yourself a Ferrari Testarossa. But isn't it more fun to use your skills and win one!' and features an image of a Ferrari Testarossa. Also includes contact information for First Futures.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, and others, with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Aberdeen Unit Trust Managers Ltd' and others, including details on investment focus and performance.

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GUIDE TO UNIT TRUST PRICING. This section explains the pricing structure for unit trusts, including details on bid and offer prices, and how they are calculated.

Handwritten signature or note at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Bid Price, Offer Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-826-2126

Main table containing unit trust information with columns for Fund Name, Price, and other details. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', 'GUERNSEY (SB RECOGNISED)', 'LUXEMBOURG (SB RECOGNISED)', 'JERSEY (SB RECOGNISED)', and 'SWITZERLAND (SB RECOGNISED)'.

John Lito

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service focusing on 'BRITISH FUNDS', 'BRITISH FUNDS - Contd', and 'AMERICANS'. Includes sub-sections like 'Sterbs' (1989 High/Low/Stock/Price/Yield), 'Index-Linked', 'INT. BANK AND O'SEAS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS'.

Table of FT Unit Trust Information Service focusing on 'FOREIGN BONDS & RAILS', 'Money Market Trust Funds', and 'Money Market Bank Accounts'. Includes sub-sections like 'Public Board and Ind.', 'Taipei Fund', 'Three-Way Asset Allocation Funds', and 'Money Market Bank Accounts'.

LONDON SHARE SERVICE

CANADIANS

1980 High	1980 Low	Stock	Price	Div	Yield
22 1/2	21 1/2	Alcan	21 3/4	1.80	8.3%
23 1/4	22 1/4	Barrick	22 3/4	1.20	5.3%
24 1/2	23 1/2	Goldcorp	24 1/2	1.50	6.1%
25 1/4	24 1/4	Inco	25 1/4	1.80	7.1%
26 1/2	25 1/2	Noranda	26 1/2	2.10	7.9%

BUILDING, TIMBER, ROADS

1980 High	1980 Low	Stock	Price	Div	Yield
10 1/2	9 1/2	Amalgamated	10 1/2	0.80	7.7%
11 1/4	10 1/4	Barton	11 1/4	0.90	8.0%
12 1/2	11 1/2	Johns	12 1/2	1.00	8.0%
13 1/4	12 1/4	Wolfe	13 1/4	1.10	8.2%

ELECTRICALS

1980 High	1980 Low	Stock	Price	Div	Yield
14 1/2	13 1/2	British Telecom	14 1/2	1.20	8.3%
15 1/4	14 1/4	British Gas	15 1/4	1.30	8.5%
16 1/2	15 1/2	British Airways	16 1/2	1.40	8.5%

ENGINEERING - Contd

1980 High	1980 Low	Stock	Price	Div	Yield
17 1/2	16 1/2	British Aerospace	17 1/2	1.50	8.6%
18 1/4	17 1/4	British Shipbuilders	18 1/4	1.60	8.7%
19 1/2	18 1/2	British Leyland	19 1/2	1.70	8.8%

INDUSTRIALS (Misc.) - Contd

1980 High	1980 Low	Stock	Price	Div	Yield
20 1/2	19 1/2	British Steel	20 1/2	1.80	8.8%
21 1/4	20 1/4	British Sugar	21 1/4	1.90	8.9%
22 1/2	21 1/2	British Overseas Airways	22 1/2	2.00	8.9%

INDUSTRIALS (Misc.)

1980 High	1980 Low	Stock	Price	Div	Yield
23 1/2	22 1/2	British Petroleum	23 1/2	2.10	9.0%
24 1/4	23 1/4	British Airways	24 1/4	2.20	9.1%
25 1/2	24 1/2	British Airways	25 1/2	2.30	9.1%

BANKS, HP & LEASING

1980 High	1980 Low	Stock	Price	Div	Yield
26 1/2	25 1/2	Barclays	26 1/2	2.40	9.1%
27 1/4	26 1/4	Bank of Scotland	27 1/4	2.50	9.1%
28 1/2	27 1/2	Bank of Ireland	28 1/2	2.60	9.1%

CHEMICALS, PLASTICS

1980 High	1980 Low	Stock	Price	Div	Yield
29 1/2	28 1/2	British Chemicals	29 1/2	2.70	9.2%
30 1/4	29 1/4	British Plastics	30 1/4	2.80	9.2%

FOOD, GROCERIES, ETC

1980 High	1980 Low	Stock	Price	Div	Yield
31 1/2	30 1/2	British Food	31 1/2	2.90	9.2%
32 1/4	31 1/4	British Groceries	32 1/4	3.00	9.3%

Hire Purchase, Leasing, etc.

1980 High	1980 Low	Stock	Price	Div	Yield
33 1/2	32 1/2	Hire Purchase	33 1/2	3.10	9.3%
34 1/4	33 1/4	Leasing	34 1/4	3.20	9.3%

DRAPERY AND STORES

1980 High	1980 Low	Stock	Price	Div	Yield
35 1/2	34 1/2	Drapery	35 1/2	3.30	9.4%
36 1/4	35 1/4	Stores	36 1/4	3.40	9.4%

HOTELS AND CATERERS

1980 High	1980 Low	Stock	Price	Div	Yield
37 1/2	36 1/2	Hotels	37 1/2	3.50	9.4%
38 1/4	37 1/4	Caterers	38 1/4	3.60	9.4%

BUILDING, TIMBER, ROADS

1980 High	1980 Low	Stock	Price	Div	Yield
39 1/2	38 1/2	Building	39 1/2	3.70	9.5%
40 1/4	39 1/4	Timber	40 1/4	3.80	9.5%
41 1/2	40 1/2	Roads	41 1/2	3.90	9.5%

ENGINEERING

1980 High	1980 Low	Stock	Price	Div	Yield
42 1/2	41 1/2	Engineering	42 1/2	4.00	9.5%

INDUSTRIALS (Misc.)

1980 High	1980 Low	Stock	Price	Div	Yield
43 1/2	42 1/2	Industrials	43 1/2	4.10	9.5%

INSURANCES

1980 High	1980 Low	Stock	Price	Div	Yield
44 1/2	43 1/2	Insurances	44 1/2	4.20	9.5%

LEISURE

1980 High	1980 Low	Stock	Price	Div	Yield
45 1/2	44 1/2	Leisure	45 1/2	4.30	9.5%

LONDON SHARE SERVICE

Latest Share Prices available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including British Aerospace, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Leyland, etc.

Components

Table of Components stocks including Lucas, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Halfords, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including News International, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, and Advertising stocks including Newsprint, etc.

SHIPPING

Table of Shipping stocks including P&O, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Debenhams, etc.

SOUTH AFRICANS

Table of South African stocks including Anglo American, etc.

TEXTILES

Table of Textiles stocks including Burberry, etc.

PROPERTY

Table of Property stocks including British Land, etc.

Commercial Vehicles

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TEXTILES - Contd

Table of Textiles stocks including Burberry, etc.

TOBACCO

Table of Tobacco stocks including British American Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including British Land, etc.

Investment Trusts

Table of Investment Trusts stocks including British Land, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, and Land stocks including British Land, etc.

Finance, Land, etc

Table of Finance, Land, etc stocks including British Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including British Petroleum, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including British Petroleum, etc.

PLANTATIONS

Table of Plantations stocks including British Petroleum, etc.

Rubbers, Palm Oil

Table of Rubbers and Palm Oil stocks including British Petroleum, etc.

Tees

Table of Tees stocks including British Petroleum, etc.

MINES

Central Rand

Table of Central Rand stocks including British Petroleum, etc.

Eastern Rand

Table of Eastern Rand stocks including British Petroleum, etc.

Far West Rand

Table of Far West Rand stocks including British Petroleum, etc.

O.F.S.

Table of O.F.S. stocks including British Petroleum, etc.

Diamond and Platinum

Table of Diamond and Platinum stocks including British Petroleum, etc.

Central African

Table of Central African stocks including British Petroleum, etc.

Finance

Table of Finance stocks including British Petroleum, etc.

OIL AND GAS

Table of Oil and Gas stocks including British Petroleum, etc.

Australians

Table of Australian stocks including British Petroleum, etc.

MINES - Contd

Table of Mines stocks including British Petroleum, etc.

Miscellaneous

Table of Miscellaneous stocks including British Petroleum, etc.

THIRD MARKET

Table of Third Market stocks including British Petroleum, etc.

Notes

Stock Exchange listing classifications are indicated to the right of security names. A, Alpha, B, Beta, Gamma, Delta, Epsilon, Zeta, Eta, Theta, Iota, Kappa, Lambda, Mu, Nu, Xi, Omicron, Pi, Rho, Sigma, Tau, Upsilon, Phi, Chi, Psi, Omega.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including British Petroleum, etc.

IRISH

Table of Irish Stocks including British Petroleum, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including British Petroleum, etc.

Property

Table of Property stocks including British Petroleum, etc.

Oils

Table of Oils stocks including British Petroleum, etc.

Mines

Table of Mines stocks including British Petroleum, etc.

Notes

This service is available to every Company deal in on Stock Exchanges throughout the United Kingdom for a fee of £795 per annum for each security.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Belgium/Luxembourg, Denmark, France, Germany, Italy, Japan, Korea, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, and USA. Columns include stock names, prices, and changes.

Table of stock market data for Canada, listing various Canadian stocks and their performance metrics.

Table of stock market data for New York, including Dow Jones and NYSE indices.

Table of stock market data for Tokyo, listing Japanese stocks and their performance.

Table of stock market data for Hong Kong, listing Hong Kong stocks and their performance.

Table of stock market data for Australia, listing Australian stocks and their performance.

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Advertisement for 'Your FT hand delivered in Germany' featuring a list of cities and contact information for the Frankfurt office.

Advertisement for 'ON BUSINESS IN LUXEMBOURG?' featuring a list of cities and contact information for the Luxembourg office.

3pm prices April 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

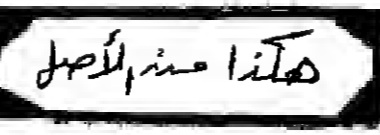
Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and other financial data.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Close, and Change. Includes a section for 'Selected Issues are essential' with detailed data for various stocks.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Close, and Change.



OVER-THE-COUNTER

Large table of Over-the-Counter prices with columns for Stock, High, Low, Close, and Change. Includes a 'Nasdaq national market' section at the top right.

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